

Anti-Money Laundering and Counter-Terrorism Financing Rules 2025

REIA Submission to AUSTRAC on the Recommended 28-Day Specified Timeframe

Introduction

The Real Estate Institute of Australia (REIA) serves as the national peak body representing the real estate profession, advocating for policies that foster a prosperous and sustainable industry since 1924, comprising the State and Territory Real Estate Institutes (REIs) as its members.

As the leading voice for real estate professionals in Australia, we appreciate the opportunity provided by AUSTRAC to provide feedback on the amendment to the 15-day timeframe requirement, as specified under section 6-32 and section 6-33 of the Anti-Money Laundering and Counter-Terrorism Financing Rules 2025 ('the Rules'). In summary the amendment is required as:

- There was inadequate consultation
- There are unintended consequences, and those unintended consequences are
 - contrary to the spirit of the Governing Act, and
 - will disrupt the ordinary course of business

The recommendation below is supported by the Real Estate Institute of Western Australia, the Real Estate Institute of Tasmania and the Australian Institute of Conveyancers WA Division.

Recommendation

Amend the following sections in the Anti-Money Laundering and Counter-Terrorism Financing Rules 2025:

- Section 6-32 (4) to “**28** days after the exchange of contracts for the sale, purchase or transfer”
- Section 6-33 (f) to “ the reporting entity is a participant in an arrangement in which another participating reporting entity that will provide a designated service related to the sale, purchase or transfer of the real estate will be able to collect and verify KYC information about the customer in accordance with paragraphs 28(3)(c) and (d) of the Act no later than **28** days after the exchange of contracts for the sale, purchase or transfer; and”

Jurisdictional Variations and Unintended Consequences

Western Australia ('WA') and Tasmania ('Tas') have standard conditional clauses in their contracts of sale that are longer than 15 days, as such WA and Tas will not be able to utilise section 6-32 for the purposes of section 6-33 of the Rules (engage in arrangements for the sharing of KYC information and verification data with real estate agents by other reporting entities involved in real estate transactions i.e. A selling agent delaying CDD to rely on conveyancer CDD).

As a result of these contract law drivers, steeped in decades of legal traditions, both real estate agents and consumers in WA and Tas will not be able to effectively utilise 6-33 of the rules. It would be beyond unreasonable to expect that these longstanding practices that are in place to protect the buyers should be systematically altered to accommodate the current specified timeframe of 15 days.

The amendment of the specified timeframe to 28 days will ensure that the Rules do not disrupt the ordinary course of business – going directly to the intent of both section 6-32 and 6-31 of the Rules.¹

Western Australia

In Western Australia, the property contract is subject to certain clauses as outlined below:

- a 48-hour clause which allows the seller to continue marketing their property where existing contract is subject to sale of another property
- repairs needed to be made to the property
- electrical gas and plumbing fixtures and fittings to be in working order
- allowing for a building, plumbing or termite inspection
- making the contract subject to finance (default is **15 business days**)
- making the contract subject to the sale of another property²

As a result of these conditions, settlement agents do not commence work on the file until the contract becomes unconditional, and the transaction will proceed to settlement. This will mean that in WA, real estate agents will not be able to use 6-33 of the Rules unless the specified timeframe is amended to 28 days. With over 90,000 settlements annually, this will have a significant impact.

Tasmania

In Tasmania, a standard "Contract of Sale" form is used for the sale of every residential property. Once this form is completed by the real estate agent and signed by all parties to the contract, it is then binding, and copies are sent to the solicitors and conveyancers, acting on behalf of the buyer and seller. The solicitors and conveyancers

¹ Paragraphs 441 and 451 of the Rules Explanatory Statement.

² Consumer Protection Western Australia, "[Real estate contracts - sale by offer and acceptance](#)".

then proceed to take over the conveyancing process, and the real estate agent's responsibility then only includes deposit collection and meeting special conditions.

The Contract of Sale commonly includes three "Special Clauses" (outlined in the table below), which can be used if required.

Common Clauses Used	Typical Timeframe	Application to property contracts
Subject to Finance Approval	28 days	80 – 90%
Subject to a satisfactory building inspection.	7 to 14 days	80 – 90%
Subject to the sale of another property.	Within 60 days	30%

Contrary to the Spirit of the Governing Act

The 15-day specified timeframe will result in unintended consequences, as forward-looking reliance cannot be relied upon, which will result in duplication of CDD processes across the residential transaction, resulting in the final costs and administrative burden borne by consumers and real estate agents.

This is contrary to the spirit of the governing Act at para 322 of the Explanatory Memorandum of the Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024, which states:

"To reduce regulatory burden, and avoid duplication where there are multiple real estate professionals (for example, in a multi-listing agreement) and other reporting entities involved in a real estate transaction, the AML/CTF Act already provides a flexible CDD reliance framework. This is set out in Sections 37A to 39 of the AML/CTF Act, in which one reporting entity may rely on CDD undertaken by another reporting entity in appropriate circumstances. New reporting entities, such as real estate agencies or conveyancers may rely upon CDD carried out by another reporting entity ..."

Throughout the last 12 months, all discussions with AUSTRAC and in REIA's submissions we continue to advocate for a legislative framework that reduces CDD duplication and section 6-33 is a great regulatory outcome, all jurisdictions should be provided the ability to utilise this section.

Inadequate Consultation

REIA would like to highlight that the proposed 15-day timeframe was not present in either of the Exposure Draft Rules and represents a significant departure from discussions held with AUSTRAC. REIA first became aware of the specified timeframe when the Rules were tabled in Parliament.

This approach is now inconsistent (for WA and Tas) with previous working group discussions, which supported delaying CDD until the contract becomes unconditional to avoid a significant impact on ordinary business.

We note that the policy intent communicated by AUSTRAC at the 3rd of December meeting was that the 15-day specified timeframe provides sufficient time for conveyancers if they decide to take on a client after a buyer has been let go by another conveyancer, if they are outside the risk appetite of the reporting entity. This represents a weak rationale at the expense and significant detriment of the consumer and the real estate agent in TAS and WA. All the states and territories, have a typical settlement period of 30 to 90 days, where 42-60 days would be the average timeframe. REIA's recommendation of a 28-day timeframe would still assist in meeting AUSTRAC's policy intent.

Real estate agencies (and buyers' agents) are the only Tranche 2 industry that must do CDD on a counterparty where no commercial agreement is in place, and lack leverage to compel CDD on counterparties who do not cooperate. As such delayed CDD for real estate agents should be prioritised in weighing up regulatory intent.