



Australian Government

AUSTRAC

AUSTRALIA'S
FINANCIAL INTELLIGENCE
AGENCY



2017-21

AUSTRAC
CORPORATE PLAN



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CEO FOREWORD

STATEMENT OF PREPARATION

I, Peter Clark, as accountable authority of AUSTRAC, present the 2017-18 AUSTRAC corporate plan, which covers the period 2017-21, as required under paragraph 35(1) (b) of the *Public Governance, Performance and Accountability Act 2013*.

Our financial sector operates in a complex, dynamic and global environment. Advances in technology, increasing globalisation and the growing movement of people and wealth across borders generate significant benefits for all Australians.

“...Achieving our purpose depends on AUSTRAC’s ability to *innovate and collaborate* with our strategic partners to keep ahead of changes in our environment...”

However, this environment can also be exploited by criminals, which harms Australia’s economic wellbeing and puts at risk the safety of the community. Further, innovation across the financial sector is challenging traditional regulatory models.

Achieving our purpose depends on AUSTRAC's ability to innovate and collaborate with our strategic partners to keep ahead of changes in our environment.

AUSTRAC's 2017-21 corporate plan sets out a blueprint for AUSTRAC to continue its transformation agenda with our partners, building on our investment in organisational culture. Our transformation will focus on three pillars: maturing our intelligence capability; reforming our approach to regulation; and delivering our international strategy.

The launch of Fintel Alliance in March 2017 was the first step in this agenda. It creates a trusted environment for industry, government and academia to come together to share knowledge and create community value.

AUSTRAC will continue to harness Fintel Alliance as well as other domestic and international partners, to redesign our regulatory model to deliver an approach that is flexible and scalable. These efforts, supported by investment in regulatory technology, will further the objectives of government and industry to harden the financial sector against criminal abuse. This will be complemented by an ongoing focus on reform of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act), as well as educating our reporting entities through the timely provision of sectoral and product-based risk assessments.

We are custodians of a critical national asset—financial intelligence—that connects our partners and us. Over the next two years AUSTRAC will invest in our workforce capability and intelligence analysis tools to deliver the next generation of financial intelligence analysis, as well as modernise our data management capabilities.

The expansion of our international footprint will generate new opportunities to work with international partners, contributing to international responses against organised crime and terrorism, particularly across the Asia-Pacific region.

At the forefront of delivering our objectives will be ensuring the integrity of Australia's financial system and protecting the community from harm. These are the commitments that AUSTRAC makes as we continue our evolution.



Peter Clark

Acting Chief Executive Officer
AUSTRAC

ABOUT US

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OUR PURPOSE

Our purpose is: to protect Australia from financial crime and terrorism financing, and contribute to the growth and resilience of Australia's economy, by discovering, understanding, and disrupting criminal activity through our intelligence and regulatory programs.

Our evolving operating environment has demanded a change in the way AUSTRAC thinks and acts. Whilst our approach to discover, understand and disrupt criminal financial activity remains core to our purpose, our purpose statement has matured since our earlier corporate plans. It now better reflects our response to changes in our operating environment and the maturing of our performance framework.

Our vision is: a financial system **free from criminal abuse.**

OUR VISION

OUR VALUE

We create and deliver community value.

In AUSTRAC 'community' means:

- everyone who works in AUSTRAC
- our private, non-government organisation and government partners, reporting entities and stakeholders
- the international community
- and most importantly, our 24 million fellow Australians.

In AUSTRAC 'value' means:

- preventing, detecting, and disrupting money laundering and terrorism financing (ML/TF) risks and threats that affect Australia's financial system
- contributing to the growth of Australia's economy
- playing an important role in protecting our nation and citizens from serious organised crime and terrorism.

Maximum community value is realised when we collaborate with all of the AUSTRAC community at different times and in different ways.

OUR LEADERSHIP

Leadership is a core component of AUSTRAC's culture. While the agency's leadership framework identifies leadership roles at senior level, our culture reflects that at AUSTRAC all our staff are leaders.

Our leaders come from a diverse range of backgrounds and experiences, and understand and embrace the importance of collaboration—a key characteristic of leadership and behaviour in our organisation.

Most importantly, AUSTRAC leaders understand that our real strength is derived from the collective that is 'one AUSTRAC'. We believe that no one part of our team can thrive without the other and our aspirations will be realised because we truly believe in one AUSTRAC.



“...At AUSTRAC all our staff are leaders...”

OUR CULTURE STATEMENT

At AUSTRAC, we:

- treat everyone in every situation with dignity and respect (this is our cornerstone)
- are proud, dedicated professionals committed to delivering community value
- believe that public service is our obligation not our job description
- value diverse skill sets and strive to be the very best that we can be as individuals and as an organisation
- embrace leadership as a collective experience and responsibility
- treat others as we would want to be treated ourselves
- recognise the diverse needs of our workforce by making our work environment seamless, flexible, innovative, collaborative and enjoyable
- embrace and support diversity of thinking and encourage people to say respectfully what they really think without fear of retribution
- encourage, reward and celebrate our successes and that of our partners

- are a learning organisation not afraid to acknowledge what we don't know and when something goes wrong we default to blameless problem solving
- value integrity, transparency and mutual trust
- are biased towards action and doing the right thing for our community

- look for 'culture fit' and 'team players' when we recruit
- give timely feedback personally, openly, honestly and respectfully, and for the right reasons
- look after one another and ensure each other's safety and well-being.





OUR ENVIRONMENT

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THREATS AND CHALLENGES

Serious and organised crime

Serious and organised crime is a persistent and pervasive threat to Australia. It is adaptable and flexible, increasingly adopting new technologies and business models that allow it to integrate illicit activity with the legitimate economy.

“...As serious and organised crime groups operate across borders, it is essential that government and industry partners around the world unite against them...”

Serious and organised crime costs the Australian economy at least \$36 billion annually¹, funded not only through traditional criminal activities such as drug trafficking, money laundering and corruption, but also new methods such as cybercrime.

More so, serious and organised crime has sought to exploit professional facilitators to support the growth of their criminal enterprises, conceal illicit wealth and frustrate law enforcement efforts.

As serious and organised crime groups operate across borders, it is essential that government and industry partners around the world unite against them.

Terrorism

Terrorism is an enduring global challenge that continues to evolve. Technology is facilitating online radicalisation as well as terrorist funding. Attacks by small groups or lone actors are increasingly becoming more common in western countries.

Terrorist groups and lone actors are seeking to exploit financial services and products to fund travel to and activities in conflict zones.

¹ *The Costs of Serious and Organised Crime in Australia 2013-14*, Australian Crime Commission

Financial sector disruption

The global financial sector faces unprecedented disruption, principally driven by innovations in technology coupled with changes in consumer preferences. The payments landscape is being impacted by new entrants such as cryptocurrencies, low-cost international remitters and incumbent providers, including those seeking to leverage collaborative platforms such as Australia's New Payment Platform. This is complemented by the establishment of start-ups in financial technology (fintech) looking to provide niche services to consumers at a low cost.

Innovation is challenging the traditional regulatory model. Risks of regulatory arbitrage are created as the international regulatory framework seeks to keep pace with innovation. The downstream impacts are widespread, including opportunities for criminals to exploit new technologies and payment methods.

In tandem, industry is increasingly expecting simpler and more streamlined guidance, and there is a growing expectation for consistency among various regulations.

Data management

AUSTRAC receives over 100 million reports annually from regulated entities.

AUSTRAC is faced with ever-increasing amounts of data and the challenges this volume poses in being able to analyse, add value, make decisions and act upon it in a timely manner. Ensuring data is able to be effectively interrogated and analysed will be an enduring challenge. Risks of poor data quality will undermine analysis and detection of threats and criminal activities.

International policy

Internationally, there is increased focus on the application of global governance standards, via international decision-making bodies such as the Financial Action Task Force (FATF). The application of such standards may increasingly be challenged by the changing operating environment of individual countries, leading to unintended implications and costs on regulators and industry, and reduced effectiveness.

A critical challenge will be ensuring that AUSTRAC's international influence effectively promotes anti-money laundering and counter-terrorism financing (AML/CTF) regulation based on an intelligence-led risk-based approach, while also providing leadership on innovative ways to mitigate international risks and explore new opportunities.

OPPORTUNITIES

The challenges and threats we face have also created opportunities for AUSTRAC.

The advent of new financial technology promotes an environment of innovation to develop new ways for industry and government to combat and prevent the threats Australia faces.

Strategic partnerships across government, industry, academia and international counterparts increase AUSTRAC's reach and influence, and leverage external resources, knowledge and skills.

New thinking to maximise regulatory efficiency and effectiveness will lead to improvements to the traditional regulatory model.

Harnessing these opportunities and addressing the agency's key risks to our operating environment and performance is reflected in AUSTRAC's 2017–18 strategic priorities, as detailed in our 2017–18 portfolio budget statement:

- Collecting and transforming financial information into actionable financial intelligence to assist in the deterring, disruption, investigation, prosecution and prevention of serious financial crime and terrorism financing
- Partnering with industry to undertake effective regulatory activities that strengthen the knowledge and capability of government, industry and the community to mitigate the risk of criminal abuse
- Using our enforcement powers as appropriate
- Collaborating with government and industry partners, academia and thinktanks, international financial intelligence units and AML/CTF regulators, and multinational forums to improve our understanding of the complex AML/CTF environment
- Harnessing innovation and technology to support our partners to combat crime and improve regulatory efficiency and effectiveness

OUR CAPABILITY

A woman with long brown hair, wearing a colorful patterned jacket, is speaking and gesturing with her hands. In the background, a man with a beard and a red shirt is looking on. The entire scene is framed by a large, stylized blue 'Z' shape. To the left of the 'Z', there is a faint, light blue map of Europe.

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“...AUSTRAC recognises the importance of **investing in people**, processes, information and technology to support us to achieve our purpose...”



Our workforce



Our data



Fintel Alliance



AML/CTF reform



Risk assessments



International capability



OUR WORKFORCE

A key asset is our people. To deliver a future-ready agency able to respond to changes in our complex environment, AUSTRAC requires a workforce that is appropriately skilled, collaborative, innovative, and able to adapt quickly to changing priorities.

Culture is the foundation for our workforce. In 2016-17 we developed a defining culture statement. Our internal governance framework, leadership framework and strategic priorities are all in alignment with our culture statement, which is on pages 6 and 7.

This is coupled with a comprehensive network of communication, which provides a real-time 'health check' of how we are performing and how our people are feeling. Opportunities to provide regular feedback include: surveys, online forums, formally appointed roles (such as Workplace Health and Safety Officers), AUSTRAC Consultative Group members, and Workplace Harassment Contact Officers.

A major focus for AUSTRAC is developing our workforce capability over the period of our corporate plan. A workforce capability review delivered in early 2017 provided an assessment of our current workforce capabilities

and allowed us to uncover gaps in our future capability requirements.

The findings of that assessment will enable us to develop and implement branch and enterprise strategic workforce plans. These will focus on moving us towards the workforce capabilities required to achieve the agency's strategic objectives, both nationally and internationally.

We have mapped roles and capabilities against the Australian Public Service Commission work level standards and job family model. Optimal management structures were considered, driving an understanding of how to best support strategic outcomes. As a result, the period covered by the corporate plan will see:

- structural changes to respond to agency deliverables
- alignment of functions to increase efficiency and effectiveness
- changes to job design
- recruitment based on universal competencies, allowing for mobility and a focus on behaviour and cultural fit.



Learning and development (L&D) is an important means for supporting workforce capability and is a key focus for the current period. The 2017–18 L&D plan outlines how AUSTRAC will invest in its people to build knowledge, capability, sustainability and importantly, leadership. The plan is supported by a commitment to allocate up to one per cent of AUSTRAC's annual appropriation for 2017-18 towards learning and development.

In line with our workforce capability transformation goals, AUSTRAC strives to be an industry leader in developing and deploying a flexible workforce. We have already introduced a range of flexible working practices, including the Mobility Pilot Program, which aims to improve workforce flexibility and efficiency, and boost collaboration and innovation. The rollout means all staff will have a mobile device they can carry with them, enabling them to work flexibly in any environment, from their own home to an on-site visit or meeting with industry.

In 2017–18 we will continue rolling out initiatives that support flexible working.

Key initiatives

SHORT TERM 2017–18

- Develop our branch and enterprise strategic workforce plans.
- Continue rollout of best-practice initiatives to support a flexible workforce, including the mobility solution.

MEDIUM TERM 2018–21

- Implement the recommendations of the workforce capability evaluation project and enterprise strategic workforce plan.
- Implement our Professional Leadership and Career Development Strategy with a focus on communication, partnerships and performance.



OUR DATA

We are custodians of a critical national asset – financial intelligence that connects us and our partners.


To keep pace with changes in our operating environment we are redeveloping AUSTRAC's data foundations. We will build a data platform to provide a seamless way to process and analyse our data in response to current and emerging business needs, including:

- access to near real-time datasets from AUSTRAC and partners
- improvements in data accuracy
- giving users new tools to analyse and visualise data in ways that could not previously be done
- managing large volumes of highly varied data
- connectivity that allows domestic and international government and industry partners to collaborate.

The data foundation work is crucial to AUSTRAC's response to the rapidly changing AML/CTF environment. It will continue to support our work with partners to discover, understand and disrupt threats and risks more efficiently.

AUSTRAC is creating a new data governance framework to support our data analytics capability. We will also develop a research and design capability – known as our enterprise analytics lab – to improve the way in which we undertake data analytics to get greater value from existing data.

Over the life of the plan we will co-design prototype computing capabilities with government and industry partners. This will fundamentally change the way data is shared between organisations.



AUSTRAC aims to take a positive approach in publishing government data supporting public reuse and innovation, and engaging collaboratively with the data community to achieve mutual goals.

AUSTRAC will build and mature our open data publishing capability to ensure that new projects incorporate a data assurance gateway. This will take into account good data governance and management, evidence-based decision making, and an open-by-default approach, considering privacy, risk and security.

Key initiatives

SHORT TERM 2017–18

- Test the implementation of a new data platform.
- Improve our analytical capability and develop an enterprise analytics lab.
- Develop our first open data strategy and roadmap.

MEDIUM TERM 2018–21

- Continue to develop and deploy the enterprise analytics lab capability.
- Continue to improve AML/CTF risk detection through leveraging emerging technologies and enterprise analytics labs to prototype new risk models.
- Update our open data strategy and establish regular publication of data sets.



FINTEL ALLIANCE

Over the life of this plan, AUSTRAC will lead Fintel Alliance, a world-first private-public partnership that will transform our joint capability to tackle serious crime and terrorism financing. Launched in March 2017, Fintel Alliance brings together the collective knowledge and resources of industry partners and government agencies under the same roof. Sharing knowledge and expertise to produce intelligence that can be acted on quickly, supports the broader understanding of national security and organised crime threats.

The capabilities of Fintel Alliance will improve throughout the life of the program. This will enhance our skills and knowledge, and facilitate a unified approach to delivering projects that are agile and responsive to real needs. The quantity and quality of the data we use in our daily work will grow significantly and be shared with partners in near real-time. This will help us adapt and respond to challenges and risks to our operating environment.

During 2017-21, we will progress the following Fintel Alliance initiatives:

- Operations Hub
- Smarter Regulation
- Innovation Hub
- Financial Intelligence Analyst Course (FIAC)
- analysts workbench—a new suite of analytical tools to provide more flexibility in the tool sets our analysts and partners use.

For all Fintel Alliance initiatives, AUSTRAC aims to instill its vision as a leading financial intelligence agency.



**Fintel
Alliance**

OPERATIONS HUB

A Fintel Alliance initiative

Fintel Alliance's Operations Hub is the start of a long-term plan to co-design a system to better discover, understand, prevent and disrupt financial crime. The first phase of the Operations Hub began in November 2016. AUSTRAC, industry and other partners are collaborating, innovating and sharing actionable intelligence, targeting risks on a global scale.

AUSTRAC and other government intelligence analysts are working side by side with industry partners in AUSTRAC's premises in Sydney and Melbourne. During the life of this plan we will continue to expand the membership and scope of the Operations Hub.

Key initiatives

SHORT TERM 2017–18

- Continue to expand the membership of the Fintel Alliance Operations Hub.
- Develop a co-designed operating model for the Operations Hub that delivers near real-time intelligence for our partners.
- Work with industry, law enforcement and intelligence partners to complete at least three joint intelligence analysis projects in the Operations Hub.

MEDIUM TERM 2018–21

- Continue to expand the membership of the Fintel Alliance Operations Hub.
- Influence the establishment of similar Operations Hubs internationally.

SMARTER REGULATION

A Fintel Alliance initiative

AUSTRAC has commenced the Smarter Regulation program, a major initiative under the Fintel Alliance. As part of this program, AUSTRAC will collaborate with industry to co-design and implement a new model focused on a 'partnership in prevention' approach. This work includes embedding people from industry within our core design and project teams, to enable AUSTRAC and industry to improve capability.

The program will be a multi-year initiative implemented over the life of this corporate plan, with a series of milestones along the way, including working with industry to co-design the model, and simplification of the AML/CTF Rules aligned with amendments to the AML/CTF Act.

During 2017-21 we will progress the following smarter regulation initiatives:

- A **segmentation model** will prioritise reporting entities according to their regulatory requirements. This represents a move away from a 'one size fits all' approach to regulation. Instead we will define our engagement approach based on an integrated model incorporating risk-based, principles-based and responsive regulatory approaches suitable for each market segment.
- We will use the **Innovation Hub's** collaboration and engagement capability to engage with the financial sector, industry and broader community, including emerging fintech and regtech organisations, to maximise regulatory efficiency, improve communication with—and education of—regulated entities, generate regulatory intelligence, and innovate.
- We will develop and deliver a **digital servicing strategy** that will explore new technologies and delivery models to automate and streamline compliance, support our reporting entities to work with us digitally, and support industry communication.

Key initiatives

SHORT TERM 2017–18

- Commence co-design of a new regulatory model.
- Commence phasing in elements of the new regulatory model.
- Engage innovatively with fintechs, regtechs and the broader financial and regulatory sectors domestically and internationally, to explore new threats and opportunities.
- Begin developing digital tools to efficiently support our reporting entity population manage their obligations.

MEDIUM TERM 2018–21

- Embed and roll out the new regulatory model.
- Further develop our digital tools to efficiently support the segmentation approach to principles- and evidence-based regulation responses.

INNOVATION HUB

A Fintel Alliance initiative

The Innovation Hub enables AUSTRAC to support industry innovation and start-ups by facilitating relationships and providing support for businesses to test innovative products, services and business models.

It will also support early engagement between emerging businesses and AUSTRAC to ensure AML/CTF controls are designed into products, services, systems and processes from the start. The hub will enable us to work with industry to co-design and test financial products, and explore ways to target emerging technologies.

Key initiatives

SHORT TERM 2017–18

- Develop and adapt the Innovation Hub capability through building relationships and trust with industry and government partners.

MEDIUM TERM 2018–21

- Build on the Innovation Hub capability through building relationships and trust with industry and government partners.

FINANCIAL INTELLIGENCE ANALYST COURSE

A Fintel Alliance initiative

AUSTRAC has designed a national and globally innovative Financial Intelligence Analyst Course (FIAC). As a world-first course, FIAC has been designed in a truly collaborative way with input from AUSTRAC subject matter experts, partner law enforcement agencies, industry, academia and an international partner.

FIAC is unique in its approach and content; designed for government and private sector students equally. It integrates business and government tools, methodologies and tradecraft skills, at the same time focusing on high-level financial intelligence analysis.

A two-week pilot course was delivered in February 2017 to test the concept, and was met with overwhelmingly positive feedback. Accreditation of FIAC into a graduate certificate level qualification is in progress with a major Australian university.

Key initiatives

SHORT TERM 2017–18

- Refine financial intelligence topics and course structure from pilot feedback.
- Formalise university-level accreditation for FIAC.
- Deliver the formal course nationally.

MEDIUM TERM 2018–21

- Understand national FIAC needs and develop a long-term schedule.
- Explore international context and training needs, and how FIAC can be refined for international partners and audiences.



AML/CTF REFORM

In 2017–18, AUSTRAC will continue to work closely with and support the Attorney-General's Department to develop and implement the reforms arising from the statutory review of the AML/CTF Act. This will deliver an AML/CTF regime that recognises the threats and risks we face, and meets the needs of modern Australian businesses operating in the face of disruptive new technologies and rapidly changing consumer needs and business models.

The implementation will be conducted in phases as detailed in the *Project Plan: Implementation of the recommendations from the statutory review of the anti-money laundering and counter-terrorism financing regime*.

Phase one includes priority projects scheduled for completion in 2017–18, while future phases will progress major, long-term reforms.

Key initiatives

SHORT TERM 2017–18

- Implement the recommendations for which we have lead responsibility in phase 1 of the project plan.

MEDIUM TERM 2018–21

- Implement the recommendations for which we have lead responsibility in future phases of the project plan.



RISK ASSESSMENTS

Australia is undertaking a multi-faceted and thematic approach to build capability in assessing and reassessing ML/TF risks.

In 2016-17 AUSTRAC produced three ML/TF risk assessments on specific industry sectors and products, as well as one at a regional level. These assessments provide industry with detailed, sector-specific and actionable information to harden their businesses against criminal misuse.

The assessments are developed in close collaboration with industry and government agencies. AUSTRAC has received significant positive feedback on these risk assessments. They also assist Australia to meet the FATF requirement to undertake ML/TF risk assessments at the national level and provide this information to industry. This program of work will continue and further mature throughout 2017-18.

AUSTRAC, in partnership with Indonesia's financial intelligence unit Pusat Pelaporan dan Analisis Transaksi Keuangan (PPATK), jointly led the first regional terrorism financing risk assessment for SouthEast Asia and Australia.

This joint risk assessment was released at the CTF Summit in Indonesia, in August 2016. Based on identified high risks in the assessment, joint regional work is underway examining terrorism financing risks related to non-profit organisations and cross-border movement of funds and value. This body of work will be delivered at the third CTF Summit in Malaysia in November 2017.

The multi-agency Serious Financial Crime Task Force, established in 2015, undertook a Serious Financial Crime Risk Assessment in 2016. AUSTRAC will provide input to the future assessment to be updated biennially.



Key initiatives

SHORT TERM 2017-18

- Continue to develop ML/TF risk assessments on specific industry sectors and products, as well as at a regional level.

MEDIUM TERM 2018-21

- Continue to produce highly targeted and relevant ML/TF risk assessments.
- Mature the risk assessments framework and methodology.
- Deepen industry collaboration and partnerships.



INTERNATIONAL CAPABILITY

AUSTRAC's international capability remains a critical facet of delivering on our vision and purpose. AUSTRAC has begun to implement our international strategy that underpins our engagement and footprint to shape the global AML/CTF environment through intelligence, regulatory and policy advocacy.

AUSTRAC, with our partners, will deliver on the outcomes of the regional CTF Summits. By providing technical assistance and training we will continue to support regional capacity building to respond to and prevent serious financial crime and terrorism.

We will continue our strong international involvement by: chairing the Information Exchange Working Group of the Egmont Group of Financial Intelligence Units (now 155 countries strong); co-chairing the FATF Risk, Trends and Methods Group of the Financial Action Task Force; and co-chairing the Mutual Evaluation Working Group of the Asia/Pacific Group (APG) on Money Laundering.

AUSTRAC will also continue participating in the Middle East and North Africa Financial Action Task Force (MENAFATF), and other multinational and bilateral fora. The AUSTRAC CEO will continue in the role of head of Australia's delegation to APG and head of FIUs for the Egmont Group. AUSTRAC will also continue to chair the International Supervisors Forum (ISF) until March/April 2018.



Key initiatives

SHORT TERM 2017–18

- Continue the implementation of our international strategy.
- Continue to shape international forums such as the CTF Summit, FATF, Egmont and APG.
- Prepare for Australia to host the 2018 Egmont meeting.
- Continue to provide technical assistance and training to improve the capability of international partners.

MEDIUM TERM 2018–21

- Continue the implementation of our international strategy.
- Continue to shape international forums such as the CTF Summit, FATF, Egmont and APG.
- Host the 2018 Egmont meeting.
- Continue to provide technical assistance and training to improve the capability of international partners.



OUR PERFORMANCE

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“...In 2017-18 the agency will continue its transformation program, which will shape our performance criteria in future years...”

PERFORMANCE FRAMEWORK

Our performance framework is designed to assess our agency's ability to deliver on our purpose. The framework directly links our purpose and performance criteria and aligns with our *2017-18 Portfolio Budget Statement* and performance information.

In 2017-18 the agency will continue its transformation program, which will shape our performance criteria in future years. We will continue to review this framework and expect it to change and mature to meet the evolving needs of our agency and our operating environment.

MEASURING PERFORMANCE

In 2017–18 we will continue to gather evidence against an appropriate mix of quantitative and qualitative measures. In doing so, we will document delivery against our strategic priorities, including our work in sharing AML/CTF information with our public and private partners, reforming the AML/CTF regime, and our influence in the global AML/CTF community. Each year in our annual report's annual performance statement, we provide an assessment of our agency's performance using the identified performance criteria.

We also measure our performance against the Regulator Performance Framework. This is through an annual self-assessment validated by industry and published on our website by the end of each calendar year.

PBS PERFORMANCE CRITERIA:

AUSTRAC generates and shares intelligence and information that is of value to our private and public partners

What we will measure and how

1.1 OUR PUBLIC AND PRIVATE SECTOR PARTNERS READILY ACCESS INTELLIGENCE THAT IS OF VALUE

AML/CTF information, intelligence and expertise is accessible and useful to our national and international public and private sector partners, through a range of means such as our database, information reports, tactical and operational intelligence, as well as enhancement of our financial intelligence capability.

Measurement method	Assessment/reporting year			
	2017–18	2018–19	2019–20	2020–21
Case study: Implementation of Fintel Alliance to improve the access and value of our intelligence across the private and public sector	✓	✓	✓	✓
Case studies about significant outcomes/cases for our partners demonstrating their access to and use of timely, valued AML/CTF information	✓	✓	✓	✓
Case studies of how ML/TF risk assessments have been used by industry and how they have led to positive changes in compliance behaviour	✓	✓	✓	✓





PBS PERFORMANCE CRITERIA:

AUSTRAC contributes to smarter AML/CTF regulatory and policy outcomes

What we will measure and how

2.1 AUSTRAC’S DELIVERY AGAINST THE RECOMMENDATIONS FROM THE STATUTORY REVIEW OF THE AML/CTF REGIME

AUSTRAC is working with the Attorney-General’s Department and industry to implement recommendations from a statutory review of the AML/CTF Act.

Measurement method	Assessment/reporting year			
	2017–18	2018–19	2019–20	2020–21
Qualitative self-assessment of AUSTRAC’s delivery against the phase 1 activities for which we have lead responsibility in <i>Project Plan: Implementation of the recommendations from the statutory review of the anti-money laundering and counter-terrorism financing regime</i>				
Qualitative self-assessment of AUSTRAC’s delivery against future phase activities for which we have lead responsibility in <i>Project Plan: Implementation of the recommendations from the statutory review of the anti-money laundering and counter-terrorism financing regime</i>				





2.2 AUSTRAC WILL REDESIGN ITS REGULATORY MODEL TO MAXIMISE THE EFFECTIVENESS, EFFICIENCY AND SUSTAINABILITY OF ITS REGULATORY OPERATIONS

AUSTRAC is working collaboratively with key partners to co-design and implement a new contemporary regulatory model focusing on a 'partnership in prevention' approach to serious financial crime and terrorism financing.

Measurement method	Assessment/reporting year			
	2017-18	2018-19	2019-20	2020-21
Assessment of project deliverables against project plan	✓	✓	✓	✓
Evidence of regulatory efficiencies based on the new approach		✓	✓	✓
Evidence of positive behavioural change in the reporting entity population based on the new approach	✓	✓	✓	✓

2.3 EFFECTIVE USE OF ENFORCEMENT APPROACHES

AUSTRAC undertakes enforcement action that promotes reporting entities' compliance with AML/CTF legislation.

Measurement method	Assessment/reporting year			
	2017-18	2018-19	2019-20	2020-21
Enforcement outcomes/ case studies published on our website				

PBS PERFORMANCE CRITERIA:

AUSTRAC contributes to Australia's international policy objectives

What we will measure and how





3.1. INCREASED INFLUENCE WITH PARTNERS THROUGH ACTIVE COLLABORATION IN INTERNATIONAL WORKING GROUPS THAT SUPPORT AUSTRALIA'S INTERNATIONAL POLICIES.

AUSTRAC works collaboratively with international partners to enhance information sharing opportunities, improve engagement and influence in foreign jurisdictions and reduce AML/CTF risks in our region and internationally.

Measurement method	Assessment/reporting year			
	2017–18	2018–19	2019–20	2020–21
Number of international forums attended, hosted or co-hosted. Number of international forums where we are invited to present/ chair	✓	✓	✓	✓
Case studies of our contributions to shape international forums such as the CTF Summit, FATF, Egmont and APG	✓	✓	✓	✓
Case studies on significant operational outcomes generated by working collaboratively with international partners	✓	✓	✓	✓

3.2 AUSTRAC TECHNICAL ASSISTANCE AND TRAINING CONTRIBUTES TO IMPROVING THE CAPABILITY OF INTERNATIONAL PARTNERS.

AUSTRAC provides technical assistance and training to various countries in our region to assist them with capability-building.

Measurement method	Assessment/reporting year			
	2017–18	2018–19	2019–20	2020–21
Evaluation of stakeholders views to assess delivery of outcomes.				



RISKS

Risk

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Risk management is an essential component of sound management and good corporate governance. Our Enterprise Risk Management Framework and guidelines, reviewed annually, are based on the International Standard (ISO 31000) on Risk Management, and align with the Commonwealth Risk Management Policy.

“...Individuals are accountable and empowered to make decisions and manage risks for the organisation...”

AUSTRAC is accountable to government for managing the strategic risks around illicit financial activities that facilitate criminal and terrorist activities that cause harm to Australia's economy, society and national security. AUSTRAC addresses this risk by investing regulatory and intelligence resources into discovering, understanding and disrupting money laundering and terrorism financing.

AUSTRAC understands and acknowledges the benefits of embedding positive risk management principles, practices and behaviours in every-day decision-making and activities. In 2017-18, we will undertake further work to embed mature risk management practices into decision making at all levels.

Accountability is a fundamental requirement of risk oversight. AUSTRAC has established an accountability framework that assigns responsibility for key strategic, operational and enterprise risks to our senior executive. Individuals are accountable and empowered to make decisions and manage risks for the organisation.

STRATEGIC RISKS

The figure below illustrates the distribution of accountability for strategic risks in AUSTRAC.

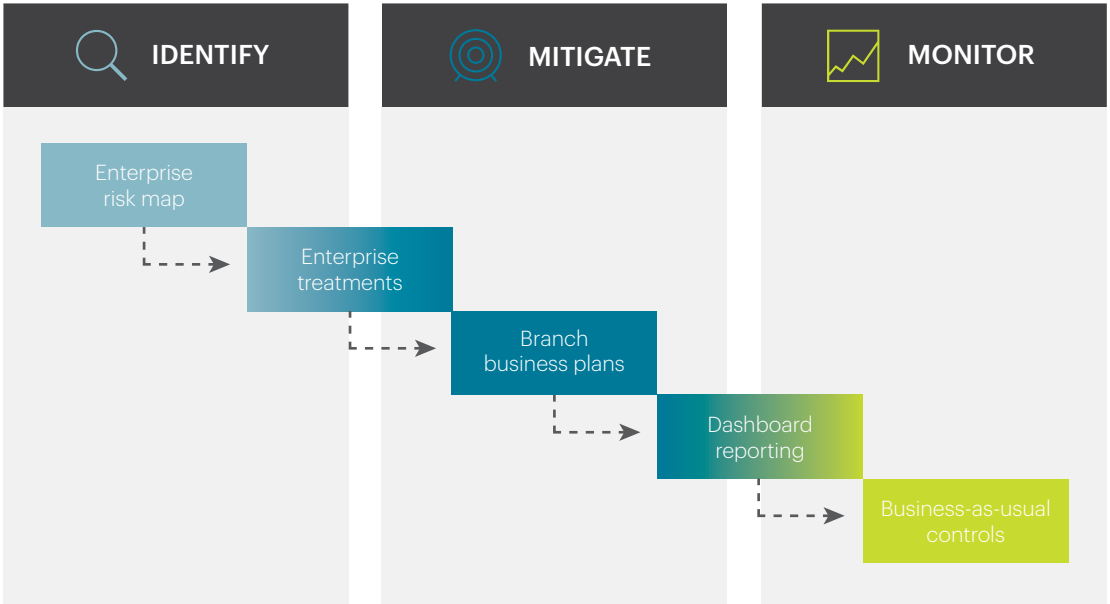


INTEGRATION OF RISK AND BUSINESS PLANNING

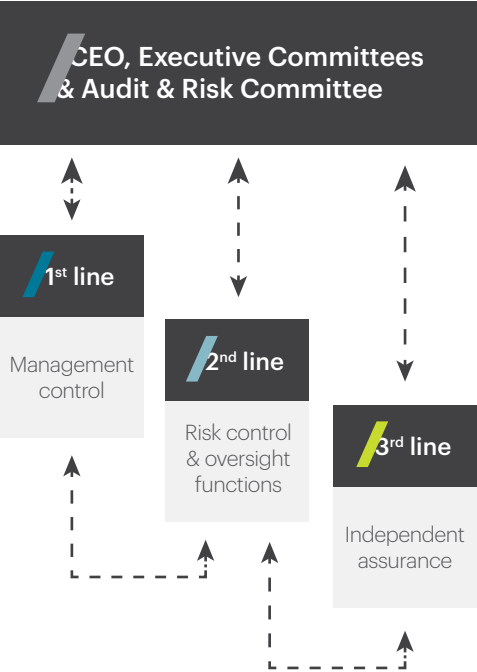
AUSTRAC has integrated strategic and enterprise risk management within its business planning processes. Investment in business improvement is directed towards treatment of the most critical strategic and enterprise risks. Implementation activities are monitored through AUSTRAC’s strategic governance committees.

This approach enables AUSTRAC to assess the alignment of investment to its risk environment, make better investment decisions and be more agile as the environment changes.

Enterprise risk management process



RISK AND CONTROL ASSURANCE



AUSTRAC’s formal governance structures and reporting arrangements adopt a ‘three lines of defence’ model to provide assurance over the effectiveness of our risk controls. This ensures that AUSTRAC has embedded independent and objective oversight at all levels.

Our Internal Audit unit is an independent function that provides assurance to the AUSTRAC CEO that our financial and operational controls are operating in an efficient, effective, economical and ethical manner. The unit also assists management in improving our business performance through a range of reviews and recommendations.

RISK CULTURE

Establishing appropriate risk culture and tools is also key to embedding risk management into AUSTRAC’s organisational fabric.

AUSTRAC’s vision is to build a risk culture where staff are empowered to pursue and exploit opportunities, and where the key risks to the agency’s objectives are managed effectively through routine practices and established systems of monitoring and control. 2017-18 will see the rollout of greater learning and development around risk management.

A key objective of this work is to reinforce that risk management at all levels is core business and the responsibility of all staff.



