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Australian Government

AUSTRAC

Chief Executive Officer

11 September 2020

The Hon Peter Dutton MP
Minister for Home Affairs
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to present the annual report for the year ended 30 June 2020 on the operations of the Australian Transaction Reports and Analysis Centre (AUSTRAC), as is required by subsection 46(1) of the *Public Governance, Performance and Accountability Act 2013*.

The report has been prepared pursuant to the requirements for annual reports approved by the Joint Committee of Public Accounts and Audit and as prescribed in the Public Governance, Performance and Accountability Rule 2014.

As the accountable authority for AUSTRAC, I certify the agency has prepared fraud and corruption risk assessments and a fraud and corruption control plan that comply with the requirements of section 10 of the Public Governance, Performance and Accountability Rule 2014, and the Commonwealth Fraud Control Policy. We have fraud prevention, detection, investigation, reporting and data collection procedures and processes in place that align with the requirements of the Commonwealth Fraud Control Framework 2017.

We have taken reasonable measures to minimise the incidence of fraud within the agency and to investigate and recover the proceeds of fraud against the agency.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nicole Rose'.

Nicole Rose PSM
Chief Executive Officer



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AUSTRAC YEAR IN REVIEW 2019-20

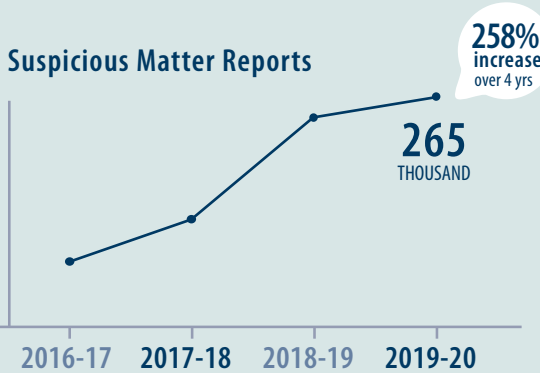
Number of reporting entities
(6% increase from last year)



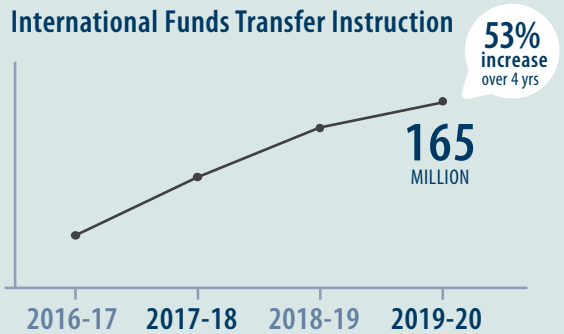
Requests for information - Top 5 agencies



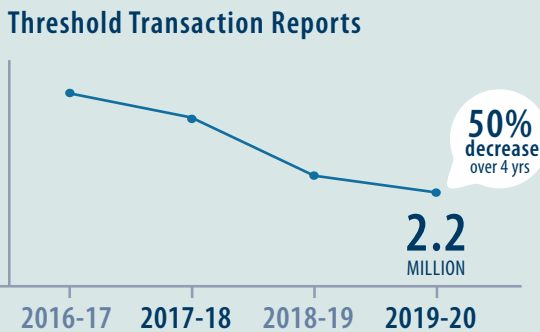
Suspicious Matter Reports



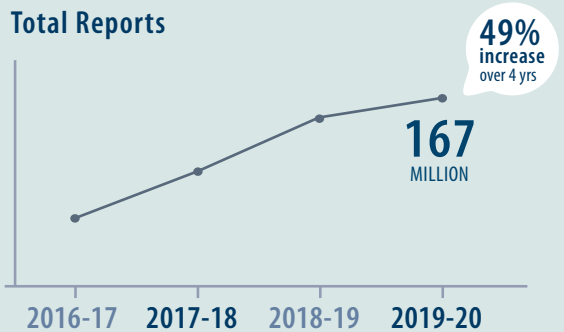
International Funds Transfer Instruction



Threshold Transaction Reports



Total Reports



Unregistered remittance campaign

>500 visits to remittance providers

118 referrals
150 AUSTRAC staff
31 new applicants
23 cease & desist letters



5,981 External users accessing AUSTRAC systems (17% increase)



\$62.9 MILLION revenue

586 ATO cases used AUSTRAC's financial intelligence capability

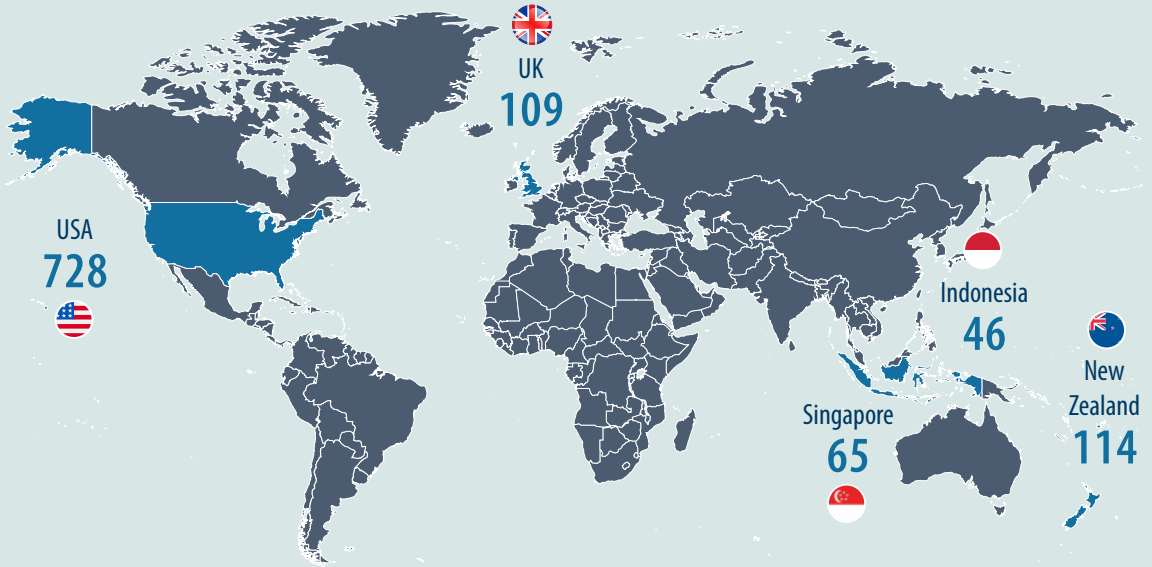


*'Together
United -
Strengthening
Our Region'*

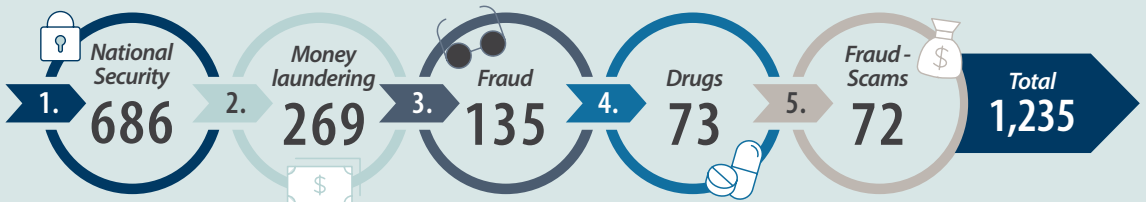
5th Counter-Terrorism
Financing Summit, Manila
Co-hosted the with
the Philippine's PPATK

29 countries
350+ global
leaders and financial
intelligence specialists

Financial Intelligence international exchange – Top 5 countries



Financial Intelligence international exchange – Top 5 crimes



2 MOUs signed:
 Qatar and
 Great Britain
 Gambling Commission
98 Total active MOUs

International deployments



Child Sexual Exploitation

525 intelligence
reports produced

25 detections of
exploitation material

10 individuals
arrested

01

CEO REVIEW



2019-20 AT AUSTRAC

During 2019-20, AUSTRAC continued to cement its position as an international leader in financial intelligence and AML/CTF regulation. Despite the challenges faced this year, we enhanced the ways we partner across government and industry, while increasing our proactive regulatory response.

AUSTRAC's extensive outreach program demonstrates our commitment to educating and supporting our regulated entities to ensure they understand and can meet their compliance and reporting obligations. In 2019-20 we continued our diverse range of engagement activities, including workshops, community visits and online materials, to provide tailored, sector-specific guidance and advice.

Our regulatory efforts support reporting entities in their compliance and deter deliberate or systemic non-compliance through the exercise of our supervisory and enforcement powers. In November 2019 AUSTRAC commenced civil penalty proceedings against Westpac Banking Corporation (Westpac), for systemic non-compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act). It is alleged that Westpac's deficient oversight of its AML/CTF program, including failure to report millions of international funds transfer instructions to AUSTRAC, resulted in 23 million contraventions of the AML/CTF Act.

In May 2020, following collaboration with the Australian Banking Association and the Australian Israel Chamber of Commerce of



**AUSTRAC is at the heart
of the framework
designed to protect
Australia's financial
system, businesses
and the wider community
from criminal abuse.**

NSW, AUSTRAC announced an anti-money laundering and counter-terrorism financing rule change. This change assists regulated businesses uphold their AML/CTF obligations, while helping Australians fleeing domestic violence. We worked with the financial sector and frontline family violence community organisations in developing these rule changes to assist people experiencing family violence and financial abuse.

In 2019-20 we continued to provide client-focused, actionable intelligence to our partners in support of Government law enforcement and national security priorities and contributed our expertise to multi-agency task forces addressing a diverse range of crime types. AUSTRAC staff have provided dedicated, critical support to domestic and international partners in detecting possible illicit firearms, the importation and distribution of high risk and emerging drugs and sophisticated money laundering networks.

AUSTRAC's expertise is increasingly of high demand internationally. This is thanks to our strong representation overseas and collaboration with our international partners, particularly with our Five Eyes and Asia-Pacific partners. This year, we have had financial institutions from as far away as Europe seek out AUSTRAC advice on preventing and combating child sexual exploitation. This followed the release of a Fintel Alliance child sexual exploitation indicators report in November 2019.

Child sexual exploitation, and in particular online live-distance child abuse, remains an area of focus for AUSTRAC and Australian law enforcement. During 2019-20, AUSTRAC has experienced a three-fold increase in reported suspicious activity referencing transactions of concern. This has followed efforts by AUSTRAC, including through a dedicated Fintel Alliance project, to enhance the understanding of these crimes and related financial characteristics. Working closely with the Australian Federal Police-led Australian Centre to Counter Child Exploitation, the Department of Home Affairs and the Australian Border Force, previously unknown entities that may be carrying child abuse material across the border have been identified. These collaborative efforts have resulted in 25 detections of child exploitation material, the arrest of ten individuals for child-related offending and the rescue of children from harm.

In addition to its work on child sexual exploitation, the Fintel Alliance continues to support a diverse range of law enforcement operations to prevent and detect harm. In its third full year of operations, Fintel Alliance judiciously expanded its membership and produced and shared intelligence on an increasingly broad range of crime types. Following an injection of funding from Government in the 2019-20 Budget, the Fintel Alliance has commenced work on eight risk assessments to provide insights to the banking, gambling and remittance sectors and on innovative projects that will improve the alerting and collaboration capabilities of AUSTRAC and its Fintel Alliance partners.

COVID-19

From March 2020, AUSTRAC adopted a home-based work model. We recalibrated agency priorities to deter and combat criminal exploitation of vulnerabilities during the pandemic, and targeted measures to support industry to remain vigilant of money laundering threats in the pandemic environment. I acknowledge the important work that went into enabling these changes efficiently in such challenging and extraordinary circumstances, and recognise the collective effort and resilience of our staff.

Our strong relationships with partners were key to our response to the COVID-19 pandemic. At short notice, we were able to re-prioritise our resources to detect and provide indicators of criminal activity that arose during the pandemic. We worked with our Home Affairs portfolio partners to support the Australian Government's response to COVID-19, through the National Coordination Mechanism Taskforce (led by the Department of Home Affairs).

We also supported industry through our work on regulatory relief for reporting entities. Since March 2020, AUSTRAC received more than 3,600 suspicious matter reports from the financial sector, linked to COVID-19-related financial crimes. In response to these, we produced intelligence products for our domestic and international stakeholders.

AUSTRAC continues to work with partners including the Australian Taxation Office and Services Australia, to prevent and detect fraud against, and criminal exploitation of, Australian Government programs introduced in response to COVID-19, such as the early release of superannuation and JobKeeper.

THE YEAR AHEAD

Looking ahead, we will continue to increase our proactive enforcement and regulatory activities to deter non-compliance and encourage investment in AML/CTF compliance by all industry sectors. This will be supported through our continued strengthening of our industry education and outreach, to increase knowledge of money laundering and terrorism financing risks across industry.

We will remain agile and adapt our intelligence priorities to drive concerted efforts against transnational, serious and organised crime, and support national security priorities. This will require continued partnering with domestic and international agencies and participation in forums.

Our collaborative approach will extend to exploring opportunities for continued portfolio alignment and efficiencies, as we continue to work with our portfolio and National Intelligence Community partners.

I am proud of the way AUSTRAC has continued its valuable efforts to detect and deter financial crime at a critical and challenging time for both the agency and our country.

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AGENCY OVERVIEW



ROLE AND FUNCTIONS

The Australian Transaction Reports and Analysis Centre (AUSTRAC) is Australia's financial intelligence unit (FIU), with regulatory responsibility for anti-money laundering and counter-terrorism financing (AML/CTF).

We use financial intelligence and regulation to:

- prevent criminal abuse of the financial sector
- generate and share intelligence and insights to mitigate risk in the financial system
- help our government and law enforcement partners detect, deter and disrupt money laundering, terrorism financing and other serious crime
- build and maintain trust and integrity in Australia's financial system as part of the global community.

AUSTRAC's purpose, as stated in our corporate plan 2019-23, is to build resilience in the financial system and use financial intelligence and regulation to disrupt money laundering, terrorism financing and other serious crime.

We do this by:

- **Discovering** new and emerging risks. Identifying risks posed by criminal actors seeking to exploit the financial system.
- **Understanding** our environment. Developing and sharing a comprehensive understanding of vulnerabilities within the global financial system at risk of criminal exploitation.
- **Strengthening** the financial system. Ensuring that risks within the financial system are minimised through effective controls deployed by an engaged, capable and collaborative community.
- **Disrupting** criminal abuse of the financial system. Collaborating with our partners to detect, understand and disrupt criminal exploitation of the financial system.
- **Optimising** our business. Continuously evolving and adapting our business operations to improve efficiency, effectiveness and sustainability in a dynamic operating environment.

OUR VISION

A financial system
free from criminal abuse.

Our purpose is underpinned by the objectives of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act), which include to:

- support cooperation and collaboration among reporting entities, AUSTRAC and other government agencies—particularly law enforcement agencies—to detect, deter and disrupt money laundering, terrorism financing, and other serious financial crimes
- provide relevant Australian government bodies and their international counterparts with the information they need to investigate and prosecute money laundering and terrorism financing offences and other serious crimes
- promote public confidence in the Australian financial system through the enactment and implementation of controls and powers to detect, deter and disrupt money laundering, terrorism financing and other serious crimes
- to fulfil Australia's international obligations and address matters of international concern in combating money laundering and terrorism financing, while beneficially affecting Australia's relations with foreign countries and international organisations.

Our dual regulatory and intelligence functions put AUSTRAC at the centre of the framework designed to protect Australia's financial system from criminal abuse. We use our specialist expertise in anti-money laundering and counter terrorism financing, and our collaborative approach to working with our industry and government partners, to make the most of our dual functions and work toward our vision.

In 2019-20 AUSTRAC regulated more than 15,700 businesses to ensure they have robust AML/CTF processes and systems to identify and mitigate the risks associated with criminal exploitation of the financial system. We analyse and generate financial intelligence based on suspicious matter reports that our reporting entities provide us every day. These reports allow our intelligence analysts to identify risks and develop intelligence products to support law enforcement and national security activities.

Our intelligence function supports our regulatory role by providing information that reveals high-risk areas and threats. We use this information to educate industry and collaborate with them in strengthening Australia's financial system against criminal abuse.

In an environment where new opportunities and challenges continually emerge, we play a unique role as a conduit of information between industry and government agencies. This maximises opportunities to generate and share intelligence, build relationships with reporting entities and ultimately achieve our purpose.

In partnership with industry and government agencies in Australia and overseas, we help keep Australia safe from financial crime, transnational crime and terrorism. We build and maintain trust and integrity in Australia's financial system as part of the global community.

AUSTRAC is an independent statutory agency in the Home Affairs portfolio. This creates opportunities to work more closely with our partner agencies to better protect Australia against evolving security concerns. Being part of the portfolio since 2017 has enhanced AUSTRAC's ability to perform our role as a conduit of intelligence between the financial sector and Australia's law enforcement and National Intelligence Community.

As Australia's FIU, we assist with the investigation and prosecution of serious criminal activity. We do this by collecting, collating, analysing and disseminating information from reports on financial transactions and suspicious matters, submitted by reporting entities. We provide actionable intelligence to partner agencies including law enforcement, national security, human services and revenue protection agencies, as well as international counterparts.

OUTCOME AND PROGRAM

AUSTRAC's **outcome** in the 2019-20 Portfolio Budget Statement is:

The protection of the financial system from criminal abuse through actionable financial intelligence and collaboration with domestic and international partners.

The **objective of our program** is to discover, understand and disrupt money laundering and terrorism financing risks and threats that affect Australia's financial system, and to contribute to the growth of Australia's economy.

Our performance framework

AUSTRAC is governed by the *Public Governance, Performance and Accountability Act 2013*. Our performance framework measures our ability to deliver on our purpose. It links our purpose and performance criteria and aligns with our 2019-20 Portfolio Budget Statement and performance information.

The annual performance statements in this report (see pages [22-72](#)) details our progress against the performance criteria in our 2019-23 corporate plan.

The Australian Government has established the Regulator Performance Framework (RPF) to assess how regulators perform when interacting with business, the community and individuals. The aim of the RPF is to:

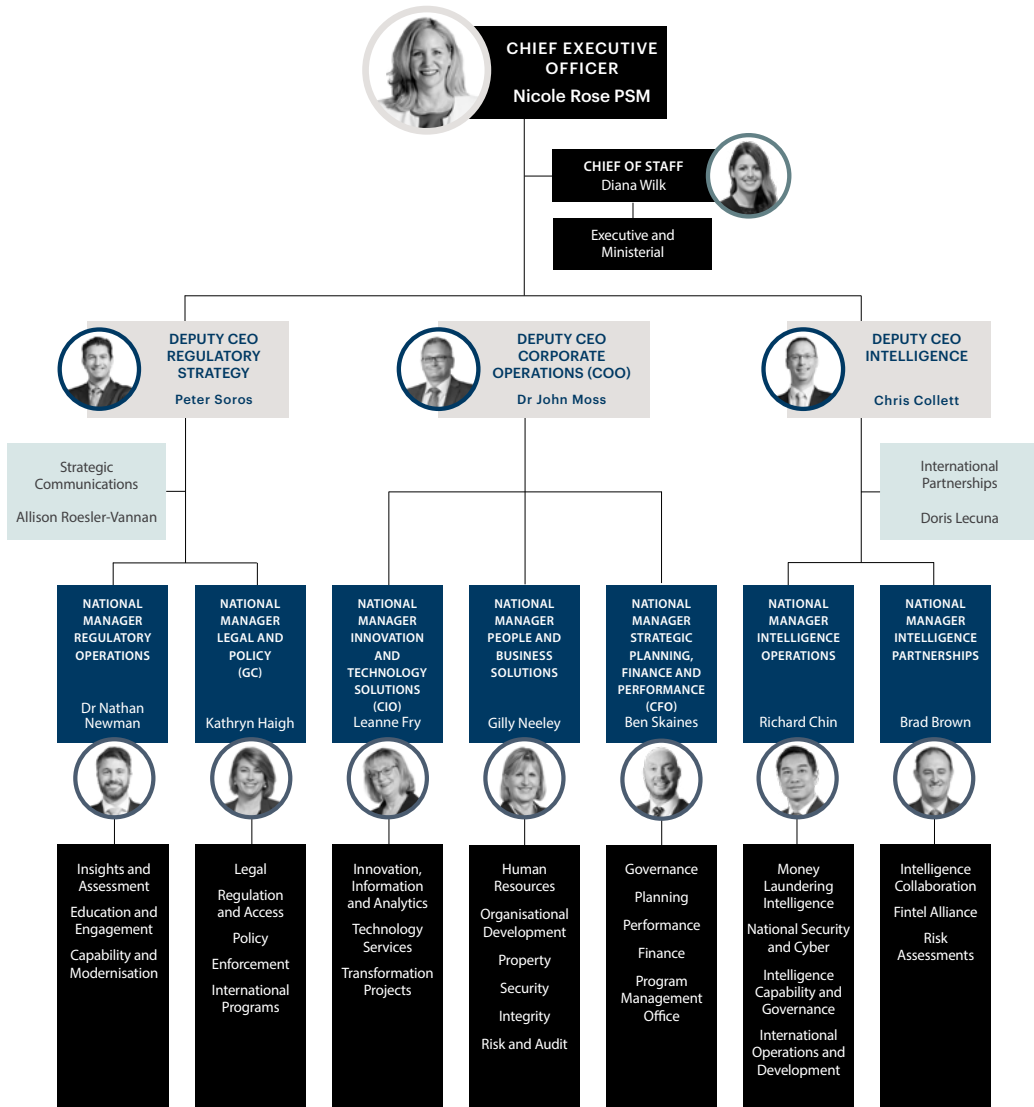
- improve the way regulators operate
- reduce the costs incurred by business, individuals and the community in the administration of regulation, and
- increase the public accountability and transparency of regulators.

The Framework allows Commonwealth regulators to report objectively on the outcomes of their efforts to administer regulation fairly, effectively and efficiently through a set of six common key performance indicators. In compliance with the framework, we undertake and publish an annual self-assessment that is validated by our stakeholders within industry. It is published by the end of each calendar year on our website.

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OUR
CAPABILITIES

As outlined in the 2019-23 corporate plan, AUSTRAC’s effectiveness relies upon several key capabilities—our regulatory and intelligence capabilities, our work internationally, our expertise with data and analytics, and our people and corporate enablers. These capabilities are structured into three divisions as shown in the organisation chart.



REGULATION

As Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regulator, AUSTRAC regulates more than 15,700 individuals, businesses and organisations. We make sure they are complying with their obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act)* and the *Financial Transaction Reports Act 1988*. We do this to protect them, and the financial sector, from criminal abuse.

Reporting entities' obligations include identifying and mitigating money laundering and terrorism financing risks, customer identification and verification and reporting financial transactions and suspicious activity to AUSTRAC.

Our regulatory activities also include:

- identifying new and emerging risks
- identifying and collecting data to generate regulatory insights
- using regulatory insights and financial intelligence to assess industry vulnerabilities and threats to Australia's financial sector
- influencing industry to improve risk identification and management
- educating entities on risks and compliance to assist them to comply
- supporting national security and law enforcement operations
- taking a risk-based approach to how we handle non-compliant reporting entities
- taking enforcement action against reporting entities for serious and/or systemic breaches of the AML/CTF Act.

In 2019-20 our regulatory function was undertaken by AUSTRAC's Regulatory Strategy Division. In addition to the agency's regulatory functions, AUSTRAC's International Program and Communications and media team are also part of this division.

INTELLIGENCE

As Australia's financial intelligence unit (FIU), AUSTRAC collects information from the thousands of entities we regulate. Our financial intelligence analysts use this information in conjunction with a range of other information sources to produce financial intelligence related to the most significant threats against Australia's national security and crimes including money laundering, drug trafficking, child exploitation, fraud and other forms of serious and organised crime.

AUSTRAC is a member of the National Intelligence Community, forming part of a wider group of Commonwealth law enforcement and national security intelligence agencies that work together to protect Australia from those who might do us harm. We place a high priority on effective partnerships and timely, accurate and actionable financial intelligence. We work closely with and share our intelligence and expertise with a wide range of domestic and international stakeholders in the public and private sector. Over the past year, our intelligence has contributed to broader government national security priorities, through our maturing integration in the Home Affairs portfolio.

Since its establishment in 2017, Fintel Alliance (AUSTRAC's public-private partnership) has transformed our capability to tackle a broad range of threats to the Australian community. These include terrorism financing, money laundering, drug trafficking, child exploitation, fraud and other serious and organised crime. It has proven to be a world-class example of the benefit of collaboration and information sharing between public and private partners. Fintel Alliance continues to enhance the way we communicate and build knowledge and the way we collectively respond to crime threats.

INTERNATIONAL

As new and developing technologies make moving money around the world faster and easier, organised crime and national security threat actors are quick to take advantage of these opportunities. AUSTRAC's contribution to the Government's international efforts includes:

- exchanging operational information and intelligence with other FIUs, law enforcement and national security agencies and AML/CTF regulators around the world
- playing an active role in international AML/CTF organisations, including the Financial Action Task Force, the Egmont Group of FIUs and the Asia/Pacific Group on Money Laundering
- delivering solutions to terrorism financing and money laundering issues and risks, through the regional Counter Terrorism Financing Summit and Financial Intelligence Consultative Group
- supporting international partners through technical assistance and training
- ensuring operational collaboration and engagement through our international network of deployed officers.

OUR DATA AND INNOVATION

AUSTRAC's ability to manage and leverage data provided from industry and other partners is critical to our performance and the value of our intelligence. The growth in money laundering and terrorism financing activities globally, requires collecting more detailed information, searching for new data sources and developing advanced tools to analyse and correlate high-volume, high-variety information quickly.

Our regulatory operations have significantly invested in using data analysis and advanced analytics to increase our understanding of compliance and risk across the financial sector; and apply near real-time monitoring to identify and respond to non-compliance. This enables AUSTRAC to respond rapidly and intervene early, preventing further non-compliance and extending our operational reach with existing resources. We also leverage user-friendly and agile technology to minimise the regulatory burden on reporting entities. This also enables us to provide accurate and actionable financial intelligence, generate insights and provide raw data to partners in near real-time.

We cooperate closely with other government agencies by sharing data and matching data sets. We are developing techniques for sharing our data with our Fintel Alliance partners and overseas FIUs, as well as putting in place collaboration platforms to enhance how we work together.

AUSTRAC is focused on being adaptable to meet future technological challenges. Our staff are completely mobile and we were able to move to work from home within three weeks of the decision being made. We are shifting to open-source, component-based platforms and systems to join various data silos, enable faster operational response, greater data access and enhanced sharing capabilities. This includes the development of a specialised case management system, and the transformation of our Reporting Entity Systems.

OUR WORKFORCE AND CORPORATE OPTIMISATION

To be agile and prepared for changes in our complex operating environment, we rely on our skilled, innovative people, and the resilience and responsiveness of our corporate enabling functions. Workforce capability and agency culture are the cornerstone to AUSTRAC's capabilities. We will continue to invest in best-practice initiatives to support and enable a flexible workforce, as evidenced by our response to COVID-19.

AUSTRAC is also focused on developing fit-for-purpose corporate capabilities and business improvement programs, to support the current and future needs of our regulatory and intelligence roles. We continually look for opportunities to align and integrate functions to increase our efficiency and effectiveness. In 2019-20, we established a new Strategic Planning, Finance and Performance branch to achieve greater alignment in our planning, finance and capability development functions. This year also saw greater collaboration by AUSTRAC with our Home Affairs portfolio partners on opportunities to realise efficiencies through the delivery of common administrative services. AUSTRAC has shown its commitment to Common Administrative Services through its engagement in the early stages of the program in 2019-20 and its exploration for greater synergies through shared IT solutions.

In 2019-20, the Corporate Operations Division delivered the core enabling functions of people and integrity, finance, property, information management and technology services, governance, internal audit and risk management.

Our executive team



**Nicole Rose PSM,
Chief Executive Officer**

Nicole commenced as the CEO for AUSTRAC in November 2017. As AUSTRAC CEO, Nicole leads Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regulator and financial intelligence unit. As CEO, Nicole served as accountable authority for AUSTRAC for the duration of 2019-20.



**Peter Soros,
Deputy CEO Regulatory Strategy**

Peter commenced at AUSTRAC in June 2018. He is responsible for the regulatory and compliance operations of AUSTRAC. He also has responsibility for AUSTRAC's legal, policy and communication functions.



**Dr Nathan Newman,
National Manager Regulatory Operations**

Nathan joined AUSTRAC in April 2016 and is now responsible for the agency's regulatory compliance capability. This includes assessing, supervising and supporting industry compliance with their obligations under the AML/CTF framework.



**Kathryn Haigh
National Manager Legal and Policy
(General Counsel)**

Kathryn joined AUSTRAC as General Counsel in September 2016. She is responsible for AUSTRAC's legal, policy, rules, exemptions and enforcement functions. AUSTRAC's International programs were added to Kathryn's responsibilities in 2019.



Chris Collett
Deputy CEO Intelligence

Chris joined AUSTRAC in June 2018 from the Department of Home Affairs. Throughout 2019-20, Chris was responsible for AUSTRAC's intelligence functions, operational engagement, strategic risk assessments and international operations. Chris is the co-chair of the regional Financial Intelligence Consultative Group and represents AUSTRAC on Fintel Alliance's Strategic Advisory Board.



Bradley Brown
National Manager Intelligence Partnerships

Bradley leads AUSTRAC's contribution to key intelligence and operational task forces in Australia, including the Fintel Alliance, a public-private partnership that builds resilience in the financial system and disrupts money laundering, terrorism financing and other serious crime. Bradley also oversees AUSTRAC's risk assessment program, which is aimed at building a deeper understanding of money laundering and terrorism financing risks in particular sectors and products.



Richard Chin
National Manager Intelligence Operations

Richard is responsible for leadership of AUSTRAC's proactive intelligence operations, international engagement and intelligence sharing, and regional development and intelligence capabilities.



Dr John Moss
Deputy CEO Corporate Operations
 (Chief Operations Officer)

As the Deputy CEO leading the Corporate Operations Division, John has senior leadership of the people and integrity, innovation, capability, technology, finance, property, security, governance and risk, and audit functions of the agency.



Leanne Fry
National Manager Innovation and Technology Solutions
 (Chief Information Officer)

Leanne is the Chief Information Officer at AUSTRAC, and leads the Analytics, Innovation, Development, Information and Infrastructure teams. Her remit is to ensure that advanced analytics and customer service capability is in place to enable AUSTRAC to innovate, working closely with industry and partners. She leads advanced innovation for AUSTRAC for processes and products.



Gilly Neeley
National Manager People and Business Solutions

Gilly is responsible for corporate functions including all aspects of managing people, property and risk at AUSTRAC. This covers all human resources functions including industrial relations, security and integrity, and organisational development including workforce planning, and learning and development. She is also responsible for managing AUSTRAC's property and office space. She has a key role in driving AUSTRAC's culture through strategies and workplace initiatives.



Ben Skaines
National Manager Strategic Planning, Finance and Performance
 (Chief Finance Officer)

Ben joined AUSTRAC in May 2019 as the agency's Chief Finance Officer and leads the Strategic Planning, Finance and Performance Branch. In 2019-20, Ben's responsibilities spanned the finance, planning, performance, procurement, travel and agency governance and program management functions.

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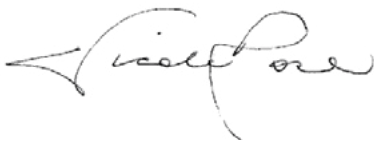
OUR
PERFORMANCE

ANNUAL PERFORMANCE STATEMENTS 2019-20

Introductory statement

I, Nicole Rose PSM, as AUSTRAC's accountable authority, present the 2019-20 annual performance statements for AUSTRAC as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). These results are reported against the performance measures outlined in the AUSTRAC corporate plan 2019-23 and the agency's 2019-20 Portfolio Budget Statement (PBS).

In my opinion, these annual performance statements comply with subsection 39(2) of the PGPA Act, are based on properly maintained records and accurately reflect the performance of AUSTRAC for the year ending 30 June 2020.



Nicole Rose PSM
Chief Executive Officer

Overview of performance framework

To measure our performance against our purpose, we report on our achievements against the AUSTRAC performance criterion in the 2019-20 PBS. As outlined in our corporate plan 2019-23, we anchor our performance reporting against our five strategic objectives: discover, understand, strengthen, disrupt and optimise. These collectively contribute to the realisation of our purpose:

Build resilience in the financial system and use financial intelligence and regulation to disrupt money laundering, terrorism financing and other serious crime.

The alignment of our performance measures with the performance criterion in the 2019-20 PBS is shown in the table below. The annual performance statements use a range of qualitative and quantitative measurement methods to demonstrate our performance, including case studies and statistics.




PBS performance criterion	Objective	Performance measurement method	
<p>AUSTRAC contributes to mitigating risk in the financial system by using its regulatory capability, and generating and sharing intelligence and insights, to support the mission of our public and private partners.</p>	<p>Discover AUSTRAC identifies new and emerging risks posed by criminal actors seeking to abuse the financial system</p>	<p>Evidence of AUSTRAC enriching and linking data</p>	
	<p>Understand AUSTRAC develops and shares a comprehensive understanding of vulnerabilities to criminal abuse within domestic and international financial systems</p>	<p>Evidence of more effective and proactive information and typology sharing</p> <p>Evidence of partner agencies using AUSTRAC data and intelligence products</p>	
	<p>Strengthen AUSTRAC ensures risks within the financial system are identified, mitigated and managed effectively</p>	<p>Contributions to intelligence task forces and interagency forums</p> <p>Evidence of regulatory efficiencies</p> <p>Evidence of positive behavioural change in the reporting entity population</p>	
	<p>Disrupt AUSTRAC collaborates with partners to disrupt criminal abuse of the financial system</p>	<p>Disrupt AUSTRAC collaborates with partners to disrupt criminal abuse of the financial system</p>	<p>Evidence of AUSTRAC's contribution to disrupting criminal abuse of the financial system</p>
			<p>Evidence of strengthening the Fintel Alliance</p>
	<p>Optimise AUSTRAC continuously evolves and adapts business operations to improve efficiency, effectiveness and sustainability in a dynamic operating environment</p>	<p>Optimise AUSTRAC continuously evolves and adapts business operations to improve efficiency, effectiveness and sustainability in a dynamic operating environment</p>	<p>Evidence of providing innovative, co-designed technological solutions to drive business productivity and address operational challenges</p>
<p>Evidence of AUSTRAC delivering improvements that generate long-term efficiencies and uplift capability</p>			

Results

Our results against the criterion above are evidenced by the achievements and outcomes reported below, in line with the performance information published in the AUSTRAC corporate plan 2019-23.

The icons below have been used to demonstrate the overall result for the relevant performance measure.

RESULTS LEGEND

		
Fully Achieved	Partially achieved	Not achieved

Strategic Objective	Performance Measure	Result
<p>Discover</p> <p>AUSTRAC identifies new and emerging risks posed by criminal actors seeking to abuse the financial system</p>	<p>Evidence of AUSTRAC enriching and linking data.</p>	

It is crucial for AUSTRAC to proactively detect new and emerging risks to the financial system, particularly given the complex and evolving environment in which we operate. To be effective, we must continually look at ways to improve and link our data to unlock its full potential. AUSTRAC has continued to enrich and link its data over 2019-20 and remained committed to enriching and linking our data with that of our partners to generate mutually beneficial outcomes in line with Government priorities.

Risk profiling and triage

In 2019-20 AUSTRAC continued to develop models and business processes to discover new risks to inform and direct our regulatory operations.

In 2019 AUSTRAC implemented a new regulatory monitoring and alerting capability, which analyses our extensive data holdings to generate alerts that may indicate non-compliance with legislation. Alerts are then assigned to analysts, who assess and respond in accordance with our approach to regulation: www.austrac.gov.au/sites/default/files/2019-06/AUSTRAC_ApproachRegulation1811_v2WEB.pdf

This new system has been integrated with our existing systems and external data, to improve detection of non-compliance in a more efficient manner than previously possible. This includes identifying potential non-compliance associated with late transaction reporting, customer identification and unregistered remittance.

This has contributed to the conduct of inquiries and assessments by AUSTRAC into non-compliance.

We also applied our analytics capability to the 2019 Compliance Report to identify actual and potential non-compliance and other regulatory issues. This enables a risk rating to be applied to every compliance report and allows AUSTRAC to prioritise and treat the highest risk regulatory issues. This new pipeline is supported by a range of visualisations and data-driven applications making it easier to use the data in support of AUSTRAC's regulatory activities. Our staff have used this information to identify and engage with entities who have disclosed high risk compliance concerns.

Discovery Triage and Profiles

REGULATORY TRIAGE


Taking a risk-based approach to the management of instances of potential non-compliance is essential. Our regulatory triage process has enabled AUSTRAC to more efficiently make consistent, transparent decisions on compliance matters. The process ensures that regulatory matters that involve non-compliance (such as referrals, self-disclosures and tip-offs) are centrally received, recorded, assessed and escalated before being reviewed by a cross-agency board.

INTELLIGENCE PROFILING

AUSTRAC's profiling and alerts capability focusses on reporting aligned known typologies as well as risk factors that could identify emerging threats to the financial sector. Profiles and alerts are constantly under development, reflecting the ever evolving threat landscape in which they are applied.

The outputs of AUSTRAC's alerts and profiles are triaged and prioritised prior to actioning, which can include further internal assessment; referring to partner government agencies; or engaging with industry partners or international financial intelligence units. This output also provides wider trend analysis spanning multiple threat types, industries and themes.

In 2019-20, approximately 24,270 alerts were generated by the AUSTRAC monitoring system. Of these, 14,710 alerts were assessed by analysts and 3,101 of these resulted in further analysis (approximately 21 per cent). 5,155 suspicious matter reports relating to national security were also assessed. Of these, 497 resulted in further analysis, including referral to National Intelligence Community (NIC) agencies and law enforcement partners.

Strategic Objective	Performance Measure	Result
<p>Discover</p> <p>AUSTRAC identifies new and emerging risks posed by criminal actors seeking to abuse the financial system.</p>	<p>Evidence of more effective and proactive information and typology sharing.</p>	

AUSTRAC uses a range of mechanisms to collect and share our data and financial intelligence to improve information sharing among our domestic and international partners. We collaborate on financial intelligence assessments to provide feedback and advice on relevant topics such as the remittance sector or individual remittance businesses. In addition, our technical assistance and training programs strengthen cooperation with counterpart financial intelligence units (FIUs) and domestic and international anti-money laundering and counter-terrorism financing (AML/CTF) stakeholders and enhances opportunities for information sharing.

Providing regulatory insights

The data AUSTRAC collects through its role as Australia’s AML/CTF regulator is an important source for discovering new and emerging risks to the financial system. As part of our proactive regulatory approach, AUSTRAC engages heavily with reporting entities but also government partners to share these regulatory insights. AUSTRAC personnel presented to over ten conferences across Australia in 2019-20 in addition to presentations made by AUSTRAC Executive. This year, some of our planned engagement forums, like the Australian Securities and Investment Commission and Australian Prudential Regulatory Authority-led Supervisory College, were limited due to COVID-19.

In 2019-20, AUSTRAC provided regulatory information to support active investigations by the Australian Federal Police, Criminal Assets Confiscation Taskforce, the Australian Criminal Intelligence Commission and various state police concerning registered remittance businesses and digital currency exchange providers.

AUSTRAC also shares regulatory insights with international counterparts through international groups, including the International Supervisors Forum, Financial Action Task Force Supervisors Consultative Forum, and the new Pacific Supervisors Forum established in 2019. AUSTRAC participation in these forums this year has enabled sharing of information, including how each jurisdiction is dealing with the regulatory impacts of COVID-19, and sharing regulatory approaches and other information in support of smaller jurisdictions.

Uplifting partners through technical assistance and training

AUSTRAC delivers technical assistance and training programs to FIUs and AML/CTF regulators. The programs are specifically designed to strengthen the institutional capacity and governance of partner agencies and support their improved compliance with international standards.

In 2019-20, we delivered technical assistance and training programs to regional partners including Indonesia, the Philippines and Papua New Guinea (PNG) as well as established a new program covering the six largest Pacific jurisdictions: PNG, Fiji, Vanuatu, Solomon Islands, Tonga and Samoa. COVID-19 and the associated international travel restrictions limited the delivery of some in-country aspects of these programs, with remote assistance provided instead:

- AUSTRAC disseminated multiple COVID-19-related intelligence products to six Pacific FIUs over April and May 2020 as well as provided input to the Asia/Pacific Group on Money Laundering Typologies Report for 2020 and provided capacity building to Fiji FIU on enforcement matters.
- In-country workshops were conducted in February 2020 in PNG under the Supporting PNG's Effective AML/CTF Reform program, covering the preliminary assessment for the 2021-22 mutual evaluation of PNG and risk-based supervision. AUSTRAC assisted PNG with its risk assessment of virtual asset service providers and enhancing its understanding of major money laundering, terrorism financing and other serious crime risks.
- AUSTRAC continued to engage with our Philippines counterparts under the AUSTRAC-Anti-Money Laundering Council (AMLC) Partnership Program to support sectoral risk assessments and consider revised topics of focus during COVID-19.

Risk assessments

By assessing new and emerging ML/TF risks, AUSTRAC's risk assessments identify gaps and risks for a given sector or product. Sharing these assessments with industry and government partners enable them to more effectively identify and manage ML/TF threats.

In 2019-20, AUSTRAC has released 3 ML/TF risk assessments:

1. Report on the Foreign Proceeds of Crime in Australia was disseminated in August 2019 to Commonwealth and state partner agencies, Five Eye-partner FIUs and several reporting entities in the banking, remittance and gambling service sectors.
2. ML/TF risk assessment of Australia's Mutual Banking Sector was published on our website in October 2019 with AUSTRAC observing a 22 per cent increase in the average number of suspicious matter reports (SMRs) being reported by the sector since the release of the risk assessment.
3. A 2019 Rich Picture of Money Laundering and Terrorism Financing in Australia was disseminated to Commonwealth and state partner agencies early in the financial year, with an unclassified version expected to be published in 2020.

Planned work on additional AUSTRAC risk assessments was delayed due to COVID-19 as new priorities emerged and industry sectors were impacted by pandemic responses.

Fintel Alliance Risk Assessment Program

In late 2018, the Minister for Home Affairs announced the Government's investment of over \$5 million in a program of ML/TF risk assessments, to be developed on significant sectors – banking, gambling and remittance sectors. AUSTRAC is producing eight risk assessments – four examining the banking sector, two examining the remittance services sector, and two examining parts of the gambling services sector. In 2019-20 data collection and analysis, as well as stakeholder engagement, has been undertaken to inform the development of the risk assessments, including:

- Over 17,200 SMRs have been analysed and evaluated
- Tens of thousands of transactions have been examined (to understand, for example, the cash and foreign jurisdiction exposure risks associated with relevant sectors)
- 950 AUSTRAC and partner agency intelligence reports have been reviewed.
- Almost 300 consultations with, and/or requests for information (RFI) to, industry (including reporting entities, industry bodies/associations, AML experts and consultancy firms), with an additional 20+ bilateral meetings, or joint workshops, with Fintel Alliance industry partners.
- Approximately 70 consultations with RFIs to AUSTRAC's state and Commonwealth partner agencies.
- Dozens of exercises to match relevant reporting entity customer lists to classified partner agency target lists, or lists of ML/TF charges or convictions in recent years.

The majority of the risk assessments are slated for completion in 2020-21.

Strategic Objective	Performance Measure	Result
<p>Understand</p> <p>AUSTRAC develops and shares a comprehensive understanding of vulnerabilities to criminal abuse within domestic and international financial systems.</p>	<p>Evidence of partner agencies using AUSTRAC data and intelligence products.</p>	

AUSTRAC develops financial intelligence on a range of significant criminal targets, particularly in partnership with the Australian Federal Police, the Australian Criminal Intelligence Commission and State and Territory Police. AUSTRAC’s financial intelligence routinely sheds light on complex criminal networks, funds flows and unexplained wealth. Over 2019-20 we contributed to a range of whole of Government priorities with the NIC, both as a stand-alone agency, and component of the Home Affairs Portfolio.

Beyond data and intelligence sharing, AUSTRAC plays an important role in improving compliance with international standards and developing a shared understanding of the criminal abuse in regional and international financial systems. With the assistance of agencies like the Department of Foreign Affairs and Trade we have been able to pursue a range of educational and developmental programs to this end.

Generating and sharing financial intelligence

Being aware of how our intelligence is being used by partner agencies in support of their work is critical to AUSTRAC's ability to produce valuable, client-focused intelligence.

2019-20 saw a significant uplift in the agency's ability to engage and collaborate with NIC partners and relevant policy agencies. AUSTRAC intelligence publications saw a sixfold increase of accessibility through NIC sharing platforms, accompanied by 250 per cent increase in active readership across the NIC.

Intelligence products	2018-19	2019-20
Intelligence activities	4,980	7,546
Number of intelligence products produced	525	476
External users who access AUSTRAC systems	5,102	5,981
Partner agency activity in AUSTRAC database	2,107,666	1,894,309

EXCHANGING INFORMATION INTERNATIONALLY

AUSTRAC facilitates the exchange of financial intelligence between Australia and other international FIUs, including managing RFIs from overseas jurisdictions and making disclosures of AUSTRAC information to interested partners.

The number of international exchanges decreased from 3,657 in 2018-19 to 2,172 in 2019-20 due to the impacts of COVID-19 and the conclusion of an International Exchange Working Group project. Circumstances relating to COVID-19 saw many overseas FIUs limit their operations which led to a subsequent drop in spontaneous disclosures and RFIs—around a 14 per cent decrease in exchanges from 2018-19. While AUSTRAC disseminated COVID-19-related information to a number of foreign partners, only a few foreign partners exchanged similar information with us.

DOMESTIC INFORMATION EXCHANGES

Due to the unique nature of AUSTRAC's role and its data, we routinely receive RFIs from domestic partner agencies to support their operations. The number of requests made to AUSTRAC in 2019-20 remained consistent with 2018-19, with 708 requests this year compared to 706 received last year.

Although the total number of requests remained similar to last year, there was greater demand for AUSTRAC information from certain partner agencies, such as Western Australia Police, New South Wales Police and Australian Criminal Intelligence Commission. Incoming RFIs from Western Australia Police have increased significantly since 2018-19 due to the placement of an AUSTRAC staff member into Western Australia Police.

MOU MANAGEMENT

Memoranda of understanding (MOUs) enable us to exchange financial intelligence and regulatory information with our overseas counterparts, while governing the access and use of the information exchanged. MOUs are vital to our ability to understand the broader environment and effectively combat ML/TF and other financial crimes.

AUSTRAC continues to leverage on its strong international relationships to secure MOUs with partners overseas. In 2019-20 AUSTRAC signed two new international MOUs with Qatar and the Great Britain Gambling Commission, bringing our total number of active MOUs to 98.

Use of our targeted financial intelligence

MONEY LAUNDERING INTELLIGENCE

During the year, AUSTRAC undertook intelligence activities targeting money laundering through financial, gambling and remittance businesses. We worked closely with partner agencies to understand and respond to the threat of money laundering through digital currency exchange businesses. Work undertaken by AUSTRAC, in conjunction with the Australian Criminal Intelligence Commission and New South Wales Police, led to the arrests of individuals engaged in money laundering activities, the seizure of illicit cash and the first ever criminal charges laid for operating an unlicensed digital currency exchange business.

In 2019, AUSTRAC became a member of the AFP-led Criminal Assets Confiscation Task Force, with AUSTRAC staff embedded in and working with the Task Force in four states. AUSTRAC has worked with the Task Force on a number of cases to provide an enhanced intelligence picture of criminal wealth resulting in the restraint of significant assets and cash.

NATIONAL SECURITY

AUSTRAC produced financial intelligence on a range of national security topics throughout 2019-20, including counter-terrorism, extreme right wing actors, foreign interference and international sanctions. We worked with a range of partner agencies to deliver timely and actionable intelligence that has been instrumental in driving law enforcement action.

Work undertaken by AUSTRAC also contributed to a significant outcome relating to sanctions violations. On 28 May 2020, the US Department of Justice unsealed a criminal indictment for the largest Democratic People's Republic of Korea's (DPRK) sanctions violations ever charged by the United States of America. A network was accused of acting as agents for the DPRK's Foreign Trade Bank, in support of DPRK weapons of mass destruction and missile programs. AUSTRAC worked closely with US authorities in targeting DPRK proliferation networks. AUSTRAC provided valuable financial intelligence from October 2018 to June 2020, coordinated by our liaison officer posted to Washington DC.

In response to the changed threat environment resulting from COVID-19 and to efforts by extremists to incite division and violence, AUSTRAC produced intelligence reporting on individuals believed to hold extreme right wing views and directly contributed to law enforcement action against extreme right wing suspects.

As part of its participation in the newly established Counter Foreign Interference Task Force, AUSTRAC commenced financial intelligence reporting on Task Force priorities. AUSTRAC is developing its role in the Task Force to meaningfully contribute to the Australian Government's efforts to counter foreign interference and espionage activity in Australia.

CYBER

AUSTRAC has been active in addressing cyber-related criminal threats such as money laundering via cryptocurrency, malware and spyware associated with intimate partner violence.

AUSTRAC increasingly supports Australian Cyber Security Centre operations to detect and disrupt cybercrime. AUSTRAC has contributed proactive reporting on business email compromise activity identified in SMRs and has assisted investigations of business email compromise crimes through tracking the flow of associated funds, including cryptocurrency. Business email compromise is an online scam where a cybercriminal impersonates a business representative to trick an employee, customer or vendor into transferring money or sensitive information to the scammer. AUSTRAC's identification of previously unknown incidents and entities of interest has assisted law enforcement disruption efforts.

AUSTRAC analysis of cryptocurrency fund flows continues to mature, with increased intelligence reporting on the movement of criminal funds as cryptocurrency. In April 2020, AUSTRAC disseminated an Operational Intelligence Report to partner agencies summarising Cryptocurrency Threshold Transaction Reporting from January to April 2020, which examined trends in cryptocurrency markets and how they may have been impacted by the COVID-19 pandemic. We also reported on the risks associated with the transfer of cash into cryptocurrency possibly linked with criminality and with financial reporting entities not meeting their regulatory obligations. This sharing of intelligence enables possible regulatory action to be taken to mitigate the risk of criminals exploiting this gap in coverage.

In 2019-20, AUSTRAC has also identified individuals purchasing spyware associated with intimate partner violence, which enabled New South Wales Police to take action against known domestic violence offenders and identified new individuals of concern.

Use of AUSTRAC data by government partners

AUSTRAC works with Services Australia on data sharing and matching to strengthen the integrity of welfare payments. Services Australia data assists us to verify information, such as entity details in transaction reports, and expand the financial analysis we perform.

In 2019-20, AUSTRAC data and information has been incorporated as a core part of business as usual within Services Australia case management case types such as fraud including tax evasion, gold bullion dealing, and Family Day Care fraud. In total, since 2015-16, AUSTRAC data has contributed to 5069 cases and over \$ 68.5million in savings achieved by Services Australia.

We also continued our collaboration with the Australian Taxation Office (ATO) in 2019-20, providing them with high-volume transaction report data. This enables the ATO to identify undeclared foreign source income and serious non-compliance, which in turn drives revenue savings for government. In their analysis for 2019-20, the ATO found that more than 586 of their cases used AUSTRAC's financial intelligence capability. These cases contributed to the ATO's raised revenue of \$62.9 million for the financial year, and ten year total raised revenue of \$2.6 billion.

Building our understanding and that of our partners

Since its accreditation in 2017, AUSTRAC's unique Financial Intelligence Analyst Course (FIAC) has hosted 327 personnel from 29 agencies, departments and industry, domestically and internationally. AUSTRAC delivered two courses within Australia in 2019-20 to 65 participants from federal, state and territory law enforcement agencies and reporting entities, including banks.

In cooperation with the Department of Foreign Affairs and Trade, AUSTRAC continues to deliver the FIAC to Association of Southeast Asian Nations FIU analysts to enhance financial intelligence capability across the region. In 2019-20, AUSTRAC delivered one regional FIAC course in Singapore to attendees from 9 ASEAN countries – Cambodia, Laos, Myanmar, Singapore, Brunei, Thailand, Malaysia, the Philippines and Indonesia. An additional course was scheduled for March 2020 but was postponed due to COVID-19-related travel restrictions.

The course evaluations consistently deliver overwhelmingly positive feedback on the course content and the increased knowledge and strengthening of relationships that the regional FIACs provide. Feedback from course participants includes:

“Learning through application was very well executed, even in simple activity such as the review session – great work and thank you AUSTRAC”

“Regional FIAC is the best training I’ve ever had before and we are highly appreciative of AUSTRAC for providing such a perfect and fantastic course”

“All the wrap up sessions from the speakers and our review sessions are absolutely amazing!”

The regional FIAC courses have also resulted in operational outcomes regionally, for example an international child exploitation ring was uncovered by the Indonesian FIAC participants, who attribute this directly to capabilities gained from the course. Feedback from ASEAN FIU heads further indicates the improvement in workplace analytic techniques and capabilities as well as the quality and structure of intelligence products of the analysts who have attended.

Analyst Exchange Program

Analyst exchange programs are a key means through which AUSTRAC is able to collaborate with our regional partners and strengthen operational cooperation. In operational terms the programs enable increased proactive analysis, spontaneous disclosures and information exchange between participating jurisdictions.

INDONESIA:

The Australia-Indonesia Analyst Exchange Program ran between April and June 2020 and comprised of analysts from AUSTRAC and Pusat Pelaporan Dan Analisis Transaksi Keuangan (PPATK). The program is focused on targeting terrorism financing through not-for-profit organisations and charities. The program is also examining charities related to COVID-19 for potential terrorist misuse.

The PPATK-AUSTRAC Partnership Program in Indonesia is an AML/CTF partnership and capacity-building program that strengthens the skills and governance frameworks of PPATK, Indonesia’s FIU, and other stakeholders. During the reporting period, AUSTRAC conducted a number of operational activities:

- Development of tradecraft skills and systems enhancement to improve financial analytic capability and expertise as well as fluency in international analytical standards.

- Delivery of a Corporate Exchange Program with a study visit to Sydney conducted in October 2019. The program enhances collaboration on corporate learning through joint development of benchmarks and practices for good corporate governance and gender inclusion issues.

PHILIPPINES:

AUSTRAC's Long Term Analyst Exchange with the Philippines continues to strengthen collaboration, enhance capability and increase intelligence sharing targeting money laundering and terrorism financing between AMLC and AUSTRAC. In 2019-20, AUSTRAC provided sponsorships for Filipino officials to attend the CTF Regional Workshop in Malaysia in August 2019 and supported AMLC in hosting the Counter Terrorism Financing Summit in November 2019.

In addition, the Trilateral Partnership Program—made up of AUSTRAC, AMLC Philippines and the National Crime Agency (the UK's FIU)—aims to enhance capabilities and increase information sharing among jurisdictions to combat Child Sexual Exploitation, particularly live distance child abuse (pay per view offending). During the reporting period, the three entities led a project under Egmont's Information Exchange Working Group in relation to financial activity relating to child exploitation. Under the project, an analyst exchange program occurred in the Philippines in September 2019.

MALAYSIA:

AUSTRAC has continued to consult with ASEAN counterparts since the delivery of the final Multilateral Analyst Hubbing exercise in Malaysia in early 2019. This exercise involved 24 analysts from 11 FIUs and focused on suspicious remittance transactions across the ASEAN region. As a result of this exercise 77 exchanges and spontaneous disclosures were shared among participating FIUs.

AUSTRAC will build on the success of the Malaysia Analyst Exchange Program through to 2024 to continue our efforts to advance financial stability and security and promote effective governance across the ASEAN region.

Serious Financial Crime Taskforce

AUSTRAC is an active member and contributor to the Serious Financial Crime Taskforce to address serious tax evasion and international facilitation; the Black Economy Standing Taskforce and the Phoenix Taskforce. AUSTRAC contributes to a number of Australian Government operations focused on fraud and the exploitation of Commonwealth COVID-19 Stimulus measures, such as Early Release of Super and Job Keeper programs.

In May 2020, AUSTRAC analysis of suspicious matter reporting identified a network of individuals connected to superannuation fraud. Analysis revealed multiple individuals connected by common names, addresses and phone numbers targeting the superannuation of Australians. AUSTRAC referred the matter to the task force to enable a joint agency response. The Australian Federal Police investigated the matter and identified a suspect as potentially having facilitated the scheme on behalf of individuals. An individual was charged with two counts of Forgery and two counts of using a forged document.

Strategic Objective	Performance Measure	Result
<p>Understand</p> <p>AUSTRAC develops and shares a comprehensive understanding of vulnerabilities to criminal abuse within domestic and international financial systems.</p>	<p>Contributions to intelligence task forces and interagency forums.</p>	

AUSTRAC continues to make significant contributions to law enforcement and national security operations through the provision of financial intelligence and expertise. To play our role in domestic and international efforts to combat transnational, serious and organised crime, it is vital for us to understand the vulnerabilities to the financial systems and advance the quality of our financial intelligence capabilities.

Financial intelligence increasingly provides new avenues of investigation and disruption. The intelligence complements existing collection efforts and shapes operational strategies.

AUSTRAC intelligence efforts are aligned to the Transnational Serious and Organised Crime Strategy priorities and interrelated priorities of the national Serious and Organised Crime Coordination Committee.

As a result, our international engagement and involvement with international forums are crucial in collecting and sharing information and intelligence. In 2019-20 we made significant contributions to the continued success of international AML/CTF forums by hosting, presenting and chairing various forums and contributing our expertise along with our many international partners.

Contributing to international forums

THE EGMONT GROUP

AUSTRAC attended the 26th Egmont Group Plenary in the Netherlands in July 2019 which focused on public-public cooperation. AUSTRAC representatives presented to the global forum on our collaboration with our tax authorities via the Serious Financial Crimes Task Force and the results of joint operations. The Plenary endorsed a range of new project proposals, including a number of which AUSTRAC served as a project member or contributor, regarding business email compromise, laundering the proceeds of corruption, human trafficking, professional money laundering facilitators, and small terror cells/ lone actors.

In January 2020, AUSTRAC attended Egmont Group working group meetings in Mauritius. These meetings enabled AUSTRAC to share its expertise with international counterparts by presenting on the value of financial intelligence and private sector collaboration in child sexual abuse and exploitation investigations; the outcomes of AUSTRAC's work to share Egmont products with private and public sector partners; and Australia's risk-based AML/CTF supervision framework and industry outreach. In addition, AUSTRAC's nominated representative was selected as a Vice Chair of Information Exchange Working Group and a range of bilateral meetings were held to progress matters of operational interest and MOUs including with counterparts from Ecuador, the Philippines, Malaysia, Mauritius, Germany and the United Arab Emirates.

COUNTER-TERRORISM FINANCING SUMMIT

The Summit continues to provide AUSTRAC with opportunities to improve our products and strengthen our partnerships, in the interests of understanding and ultimately addressing the risks faced across the financial system.

AUSTRAC co-hosted the fifth Summit with the Philippines's AMLC and the PPATK in November 2019 in the Philippines. The Summit brought together more than 350 global leaders and specialists in financial intelligence from 29 countries. The Summit theme was 'Together United - Strengthening Our Region', which allowed participants to reflect on the growth and the substantial achievements of the Summit and its working groups since being established in 2015, and identify and address gaps in collaboration.

FINANCIAL INTELLIGENCE CONSULTATIVE GROUP (FICG)

The FICG is a standing consultative group of the CTF Summit and is made up of ASEAN, Australian and New Zealand FIUs. FICG serves as a leading example of multilateral cooperation in the region focused on operational and strategic activities on money laundering, terrorism financing and improved FIU cooperation. AUSTRAC co-chaired eight FICG meetings in 2019-20, three of which were face-to-face in Australia, Malaysia and the Philippines. The key outcomes of the FICG, presented at the 2019 Manila Summit, include a disruption toolkit to identify and share counter-terrorism financing strategies regionally; a regional assessment addressing regional high-risk money laundering and corruption and operational guidance on digital currencies and virtual assets.

COVID-19 and the associated travel restrictions have impacted on the ability to proceed with three face-to-face FICG meetings scheduled for 2020. The FICG's four working groups continue with their agreed work programs, however progress has slowed due to the challenges associated with the pandemic.

FINANCIAL ACTION TASK FORCE (FATF)

The FATF is an inter-governmental body that sets global standards and promotes effective implementation of legal, regulatory and operational measures for combating ML and TF. In 2019-20 AUSTRAC contributed to progressing key projects including combating illicit proceeds flowing from illegal wildlife trafficking and emerging techniques in trade-based money laundering.

Through FATF, AUSTRAC continued to support Australia's proactive approach to combatting global proliferation financing, through our involvement with the 12 month review of the FATF's standards on virtual assets, ensuring they are appropriate to address the dynamic ML/TF risks associated with virtual assets.

AUSTRAC also supports Australia's delegation in holding countries to account against international ML/TF standards, hardening the global financial system. In 2019-20, AUSTRAC supported the mutual evaluation assessments of Russia, Turkey, South Korea and the United Arab Emirates, and the follow up assessments of Denmark, Ireland, Singapore and the United States.

ASIA/PACIFIC GROUP ON MONEY LAUNDERING (APG)

The APG is an inter-governmental organisation, consisting of 41 members, focused on hardening regional jurisdiction financial systems to the risks of money laundering, terrorism financing and other serious crimes. Australia is the permanent co-chair to the APG and co-hosted the 22nd Annual Meeting of the APG in Canberra in August 2019. The meeting comprised 520 attendees from 41 member jurisdictions and 18 observer organisations.

AUSTRAC's role in building regional resilience and identifying gaps and weaknesses in AML/CTF frameworks was evident through engagement in the mutual evaluations of the Philippines, Pakistan and the Solomon Islands.

AUSTRAC's key role in leading the delivery of the technical seminars on virtual assets and international cooperation between supervisors is in keeping with the leadership role that AUSTRAC plays in the delivery of regional Technical Assistance and Training Programs.

AUSTRAC's commitment to regional efforts to combat money laundering, terrorism financing and other serious crimes is also demonstrated through its work on the APG Annual Typologies Reports, Terrorism Financing & Proceeds of Crime (including Organised Crime), Returned Foreign Terrorist Fighters, Pacific De-Risking, and Trans-Pacific Drug Trafficking.

Providing financial intelligence expertise to task forces

AUSTRAC plays an increasingly important role in providing financial intelligence to partners in Australia and internationally, through our participation on counter-terrorism and law enforcement task forces.

Our participation enables AUSTRAC to provide valuable, actionable intelligence and more effectively collaborate with our partners to disrupt serious crime.

Criminal activities	All Intelligence activities*		
	2018-19	2019-20	% change
National Security / Terrorism Financing	1,618	1,380	-14
Suspected Child Exploitation	141	1,256	791
Money Laundering	832	1,013	21
COVID-19	-	780	-
Illicit Drugs	539	663	23
Other**	16	417	2,506
Fraud	415	407	-2
Serious Financial Crime Taskforce	221	248	12
Serious Organised Crime	169	239	41
Cyber Crime	333	235	-29
Bribery and Corruption	248	232	-6
Scams	123	194	58
Illicit Firearms	27	140	419
Illicit Tobacco	122	131	7
Violent Crime	36	68	89
Human Trafficking	112	56	-50
Environmental Crime	5	52	940
AML Non-compliance	23	35	52
TOTAL	4,980	7,546	52

* All intelligence activities includes Intelligence Products, together with detection efforts, research, liaison, intelligence reporting received from domestic and international partners, RFI and capability development and training

** Other includes matters where a crime type is not clearly identified and includes missing persons, vehicle re-birthing, general crime activities.

During 2019-20, AUSTRAC engaged with an increased number of domestic agencies for intelligence purposes. The increases outlined in the table below demonstrate the growing value of financial intelligence to a broad range of criminal, intelligence, regulatory and administrative agencies.

	2018-19	2019-20
Domestic agencies and bodies engaging AUSTRAC for intelligence	59	77
Domestic agencies and bodies disseminated AUSTRAC intelligence products	55	67
Domestic agencies and bodies issuing intelligence to AUSTRAC	-	31

COVID-19 Response

AUSTRAC acted quickly to respond to threats arising from the COVID-19 pandemic, particularly fraud against government stimulus programs. AUSTRAC continues to identify persons and groups fraudulently claiming state or federal COVID-19 assistance payments. The schemes being targeted include the early release of superannuation, the NSW COVID-19 small business support grant and JobKeeper payments. As at 30 June 2020, AUSTRAC has referred 87 suspicious matters to Services Australia relating to possible fraud against economic support payments and made approximately 2,200 SMR referrals to the Serious Financial Crimes Task Force relating to possible fraud against the early release of superannuation scheme.

AUSTRAC has monitored financial flows to determine any implications arising from COVID-19, including changes in financial flows with international counterparts, and changes in domestic cash-based activity. AUSTRAC produced and disseminated four trends analysis reports to partner agencies to enhance awareness of impacts to the financial sector and how these might affect law enforcement priorities and strategy.

AUSTRAC's Fintel Alliance has worked closely across its members and other reporting entities to ensure a unified and cohesive approach to COVID-19 reporting. Fintel Alliance has produced four indicators reports distributed to Fintel Alliance member institutions, some second tier financial institutions and superannuation funds to help in the detection and disruption of criminal activities.

In response to the Indicators Papers and heightened sectoral awareness, AUSTRAC has received targeted and tailored SMR reporting on a range of fraud against government stimulus measures including:

- Identity fraud against the ATO-administered Early Release of Superannuation
- unlawful applications for Services Australia support payments
- taxation-centred fraud against JobKeeper and CashBoost payments

To 30 June 2020, AUSTRAC received 3,678 SMRs and developed 270 intelligence products involving likely offending linked to COVID-19.

Child Sexual Exploitation

AUSTRAC has initiated and supported domestic and international actions targeting child sexual exploitation and in particular online live-distance child abuse. During 2019-20, AUSTRAC has had a three-fold increase in reported suspicious activity referencing transactions of concern. This has followed efforts by AUSTRAC including through a dedicated Fintel Alliance project to enhance the understanding of these crimes and financial characteristics which may relate. AUSTRAC has provided indicator information in 2017, 2018 and a publically released Indicators Report in November 2019.

During 2019-20, AUSTRAC undertook over 1250 intelligence activities targeting child sexual exploitation. AUSTRAC has provided referrals and updated intelligence to the Australian Centre to Counter Child Exploitation (ACCCE) led by the Australian Federal Police. In addition, AUSTRAC has worked closely with the Department of Home Affairs and Australian Border Force to develop data-based profiling to identify previously unknown Australian entities that may be carrying child abuse material across the border. The collaboration and sharing of information has resulted in 25 detections of child exploitation material at the border and the arrest of ten individuals for child related offenses. Working collaboratively has improved intelligence holdings and assisted law enforcement in the detection of offenders and rescue of children from harm.

Similar targeting efforts are being applied to identify the importations of child-like sex dolls. Since January 2020, AUSTRAC has supported nine detections and disruptions including several arrests.

Joint Agency Task Force – Methamphetamine and illicit drugs

In 2019-20 AUSTRAC was an active member on the South Australia Police led Joint Agency Ice Strike Team. The task force is a multi-agency team established in February 2019 to target the importation and distribution of methamphetamine, its precursors and other illicit drugs in South Australia. The JAIST comprises members from South Australia Police, Australian Federal Police, Australian Border Force, Australian Criminal Intelligence Commission, Australian Taxation Office, Department of Home Affairs and AUSTRAC.

In 2019-20, task force investigations resulted in 13 arrests, detection of 3 Clandestine Labs, seizure of 39kg of methamphetamine, 40 cannabis plants, 20kg of other illicit drugs and over \$27,000 cash. These results include the arrest of a New South Wales man in March 2020 with trafficking a large commercial quantity of the controlled drug Ketamine and the arrest of an individual in July 2019 for importation of Fentanyl into Australia.

Strategic Objective	Performance Measure	Result
<p>Strengthen</p> <p>AUSTRAC ensures risks within the financial system are identified, mitigated and managed effectively.</p>	<p>Evidence of regulatory efficiencies.</p>	

AUSTRAC acknowledges the importance of minimising the impost on regulated entities and maximising regulatory efficiencies in undertaking its regulatory functions. We undertake regular engagement with industry to improve and make it easier for reporting entities to comply and report. In addition to engaging with industry partners we also work closely with the Department of Home Affairs to look at policy and legislative reforms to the AML/CTF regime.

Working to reform legislation and regulations

AUSTRAC continues to work closely with the Department of Home Affairs to implement the recommendations from the 2016 Report on the Statutory Review of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) and Associated Rules and Regulations.

The current phase of legislative reforms in the Anti-Money Laundering and Counter-Terrorism Financing and Other Legislation Bill 2019 currently before Parliament will improve the framework for accessing and sharing AUSTRAC information, deliver regulatory efficiencies, align correspondent banking requirements with international banking practice, and consolidate cross-border reporting of movements of currency and bearer negotiable instruments. The Bill was referred to the Senate Legal and Constitutional Affairs Legislation Committee, which expressed support for the Bill in March 2020. Further consideration of the Bill by Parliament has been delayed due to the impacts of the COVID-19 pandemic.

The next phase is likely to implement broader reforms to streamline, simplify and strengthen the AML/CTF framework. AUSTRAC will contribute as a key stakeholder to the Department of Home Affairs-led reform process and participate in industry engagement. We will also support the legislative reform process with risk assessments to inform an evidence-based approach to policy development and new AML/CTF Rules.

AUSTRAC met with 53 AML/CTF consultants over the course of 2019-20 to better understand their business and provide advice on AUSTRAC's current regulatory approach and priorities. We also hosted two events involving 30 individual AML/CTF advisers from 18 businesses to brief them on our Unregistered Remittance Education Campaign and to encourage them to relay the advice to their clients.

Enhancing the AML/CTF capability of consultants and RegTechs

AUSTRAC remains committed to developing the capability of third-party organisations who support our broader regulated population meet their compliance obligations with efficiency and ease.

Following on the success of AUSTRAC and the RegTech Association's inaugural 'RegTech Collab TechSprint' in 2018-19, two further sessions were delivered with the RegTech Association in September 2019 and February 2020. The sessions attracted 18 and 22 RegTech providers respectively and provided attendees with advice from AUSTRAC staff, reporting entities, law enforcement agencies, industry associations and AML/CTF advisers on the assessment of Know Your Customer and enhanced customer due diligence risk and transaction reporting and monitoring. We received overwhelmingly positive feedback from the reporting entities and RegTechs.

AUSTRAC's regulatory response to COVID-19

The COVID-19 pandemic created many challenges for businesses and their ability to continue to provide designated services to customers and comply with their requirements under the AML/CTF Act. For example, some financial institutions encountered difficulties with performing their know your customer obligations in situations where customers are in self-isolation or where branches/offices have closed.

Over a 6-week period, AUSTRAC delivered a range of measures to assist industry in complying with their AML/CTF obligations during the pandemic. These included:

- AUSTRAC has provided practical guidance on how businesses can apply flexible customer due diligence processes under the existing framework. This includes emphasising the use of alternative identity proofing processes or electronic versions of identity documents, such as photographs and scanned copies, to help verify a customer's identity.
- Making new AML/CTF Rules to support the Government's response to COVID-19. This includes making a new AML/CTF Rule to facilitate a streamlined process for making payments under the Early Release of Superannuation Initiative so that the superannuation sector can provide funds to people experiencing financial hardship promptly.
- A decision was made to extend the timeframes for reporting entities to respond to notices for further information issued by AUSTRAC under sections 49, 167 and 202 of the AML/CTF Act. Other agencies who are able to issue section 49 notices were encouraged to also extend their timeframes.
- Providing advice to reporting entities, including banks, super funds and financial planners, plus peak body associations (and even a shipping agency!) to assist with AML/CTF compliance during the pandemic and working closely with remitters on specific issues, including registration renewals and principal places of business.
- Raising awareness about shifts in money laundering/ terrorism financing risks as criminals exploit vulnerabilities in the financial system during the COVID-19 pandemic and reminded industry of their obligation to report suspicious matter reports where appropriate.
- Presenting new measures and guidance at a number of government and industry forums.

AUSTRAC continues to provide ongoing support to businesses affected by COVID-19 in complying with their AML/CTF compliance obligations. AUSTRAC also has a dedicated COVID-19 online form for reporting entities to reach out for assistance and guidance during the pandemic.

Strategic Objective	Performance Measure	Result
<p>Strengthen</p> <p>AUSTRAC ensures risks within the financial system are identified, mitigated and managed effectively.</p>	<p>Evidence of positive behavioural change in the reporting entity population.</p>	

AUSTRAC is continuously working to produce sector-wide messaging to educate sectors on risks in the financial system. In addition, we work to target our education and engagement efforts to provide more specific guidance to improve the standards of reporting entities in their role as the first line of defence against financial crime.

This can include activities directed to particular sectors or third-party organisations, like RegTech providers and AML/CTF consultants, who support reporting entities with their AML/CTF programs. Greater compliance from reporting entities translates to better reporting and intelligence for AUSTRAC and in turn our domestic and international partners' ability to fight financial and other crimes.

Encourage capability and compliance

AUSTRAC provides tailored education and outreach activities to the regulated population to provide support and enhance their understanding and capability to meet their AML/CTF Act requirements. This ensures businesses comply with their AML/CTF obligations and are also resilient to the money laundering/ terrorism financing threats they may face themselves.

We seek feedback from industry to understand their needs and how we can best provide the support and education they require. Our regulatory education and outreach work undertaken in 2019-20 included:

- Publication of 26 forms of guidance ranging from animations, posters, factsheets and insights documents for the benefit of our entire reporting population as well as some that were specifically targeted to the remittance service provider industry and pubs and clubs. Feedback has generally been positive from recipients.
- Facilitation of 15 workshops consisting of 131 participants from independent remittance providers to build their capability and understanding money laundering/ terrorism financing risk and other obligations. Feedback has generally been positive from participants. A suite of guidance materials and products were developed and provided to participants, including factsheets on Suspicious matter reports, international funds transfer instructions, Risk Methodology and Risk Indicators for the remittance sector.
- Community town hall events held as part of our unregistered remittance education campaign. The town hall events attracted 246 attendees from culturally and linguistically diverse community associations, media, registered remittance service providers and partner agencies. All of the events were positively received with a number of questions posed to the AUSTRAC panel. See more information on the unregistered remittance campaign on [page 53](#).
- Provision of guidance materials to reporting entities to assist them in undertaking know your customer processes in the COVID-19 environment. Specific guidance was also provided to the superannuation industry to support the exemption applied to their know your customer requirements for the COVID-19 related early release of superannuation initiative. Further detail on AUSTRAC's work to support our reporting entities during COVID-19 can be found on [page 50](#).

Educating industry and the community on unregistered remitters

In August 2019, AUSTRAC launched a 12-week campaign targeting unregistered remittance dealers. Remittance providers, or money transfer businesses, who are not registered with AUSTRAC as required under the AML/CTF Act 2006, can be at high risk of being targeted to launder the proceeds of criminal activity.

The campaign aimed to educate the public on the risks of using an unregistered remittance dealer, identify unregistered remittance providers and to uplift the knowledge and compliance of registered remittance dealers. Through the provision of a range of resources and community events the campaign hoped to educate individuals and businesses to be able to identify and report an unregistered money transfer dealer.

The campaign which spanned across Sydney, Brisbane, Melbourne, Adelaide and Perth saw over 130 AUSTRAC staff involved to:

- Visit over 500 remittance providers (over 50 per cent of all providers registered with AUSTRAC as Independent Remittance Dealers).
- Establish an anonymous on-line 'dob-in' facility for reporting unregistered remittance dealers.
- Work with Fintel Alliance partners to assist in identifying unregistered remittance dealers.
- Hold community town hall meetings in Sydney, Melbourne, Brisbane and Perth with community leaders, media and associations from a range of culturally and linguistically diverse backgrounds, registered remittance service providers and other stakeholders, such as state police forces.
- Run remittance workshops in Sydney, Melbourne and Perth to help raise compliance of remittance service providers.
- AUSTRAC's Remittance Education Visits have shown evidence of greater awareness and capability in the sector since the campaign was held.
- Throughout the year 118 referrals were received through the suspected unregistered remittance dealer report, emails and from Remittance Education Visits. In response, AUSTRAC has issued 23 cease and desist letters to suspected unregistered remittance dealers.
- AUSTRAC estimates around 31 new registration applications have been received from unregistered remittance dealers this year.

- Registered network providers have commenced rolling out targeted messaging to their affiliate networks. Between the five largest providers, 96 per cent of the 4,500 affiliates will receive information about unregistered remittance along with AUSTRAC remittance guidance materials.
- In August to September 2019 alone, AUSTRAC observed a 24 per cent increase in the number of unique remittance service providers who submitted a suspicious matter report.
- AUSTRAC has received 227 requests from remittance providers requesting a material change to their enrolment and registration details and a further 194 requests for removal from the remittance sector register between 26 August and 29 November 2019 compared with 167 for the same period last year.

Responding to non-compliance

ANNUAL COMPLIANCE REPORT

Under the AML/CTF Act, reporting entities are required to lodge a report each year relating to their compliance with the obligations. AUSTRAC takes a risk-based approach to its review of compliance report responses where a reporting entity indicated that they might be in breach of their AML/CTF obligations. This approach takes into account the size of the entity, as well as the nature of the potential non-compliance.

For the 2019 compliance report, 5,115 compliance reports were lodged. In response to COVID-19, AUSTRAC's shifted our regulatory approach to reduce regulatory burden on industry while ensuring the continued, effective oversight of our regulated population. We provided additional support and education to reporting entities during our engagement on the 2019 compliance report. AUSTRAC also allowed reporting entities to lodge their

2019 compliance report up to 30 June 2020 without the risk of compliance action. In addition, AUSTRAC decided that it will not take compliance action against small and medium businesses who were unable to submit their report because they were required to close due to COVID-19.

AUSTRAC will conduct detailed analysis of compliance report data to identify emerging issues and trends to inform ways to enhance guidance to industry and our compliance priorities. We will also continue to consider how the content and design of the report can be improved to maximise the value of the information reported.

COMPLIANCE ASSESSMENTS

In 2019-20, AUSTRAC finalised 39 compliance assessments of reporting entities. As a result, entities have advised us of steps they are taking to improve AML/CTF compliance and capability. These include improvements in International Funds Transfer Instructions quality and timeliness, remediation to back-capture threshold transaction reports and SMRs (including reporting of SMRs for the first time), improvements in AML/CTF controls and systems and increasing engagement with AML advisers to help strengthen their systems and controls.

SERIOUS NON-COMPLIANCE

AUSTRAC takes a risk-based approach to its review of compliance report responses where a reporting entity indicated that they might be in breach of their AML/CTF obligations.

In the second half of 2019-20, AUSTRAC engaged with those reporting entities who has self-disclosed potentially serious non-compliance in their 2019 compliance report. Many of the entities we engaged with received almost immediate feedback in relation to areas of compliance that required additional attention.

As a result, AUSTRAC has issued warning letters to reporting entities and escalated other entities into our triage process for more detailed consideration. To date, some of these entities have advised that they will take steps to address the above mentioned non-compliances identified. This is key to ensuring that entities are aware and understand their obligations, and assist them to effectively identify, mitigate and manage their money laundering/ terrorism financing risks moving forward.

From our engagement, a further 36 entities have advised us of steps they are taking to develop and adopt an AML/CTF program.

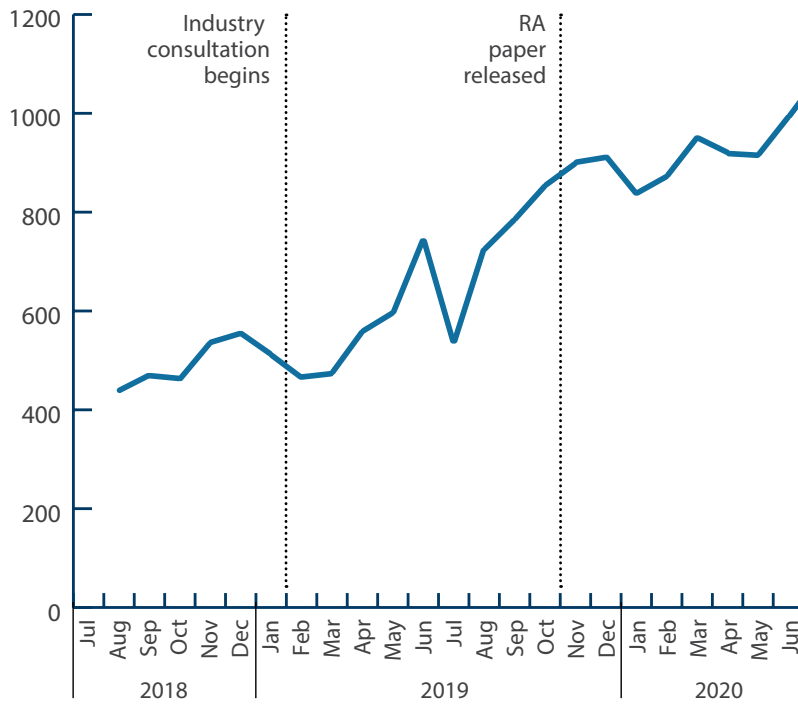
Influencing the reporting behaviour of industry

OUTCOMES OF PUBLISHED RISKS ASSESSMENTS

Development of the On-course bookmaker's sector risk assessment in December 2018 uncovered under-enrolment by bookmakers with AUSTRAC and prompted an enrolment campaign. The campaign resulted in 42 entities enrolling as On-Course Bookmakers between 1 July 2018 and 31 December 2019, bringing the total number of enrolled entities to 291.

Following the release of the Mutual banking sector risk assessment, an increase in SMR reporting from the Mutual Banking Sector was observed, as shown in the chart below. This shows how AUSTRAC's information and guidance raises awareness as well as influences reporting behaviour of reporting entities.

SUSPICIOUS MATTER REPORTS SUBMITTED BY THE MUTUAL BANKING SECTOR



INDICATOR REPORTS

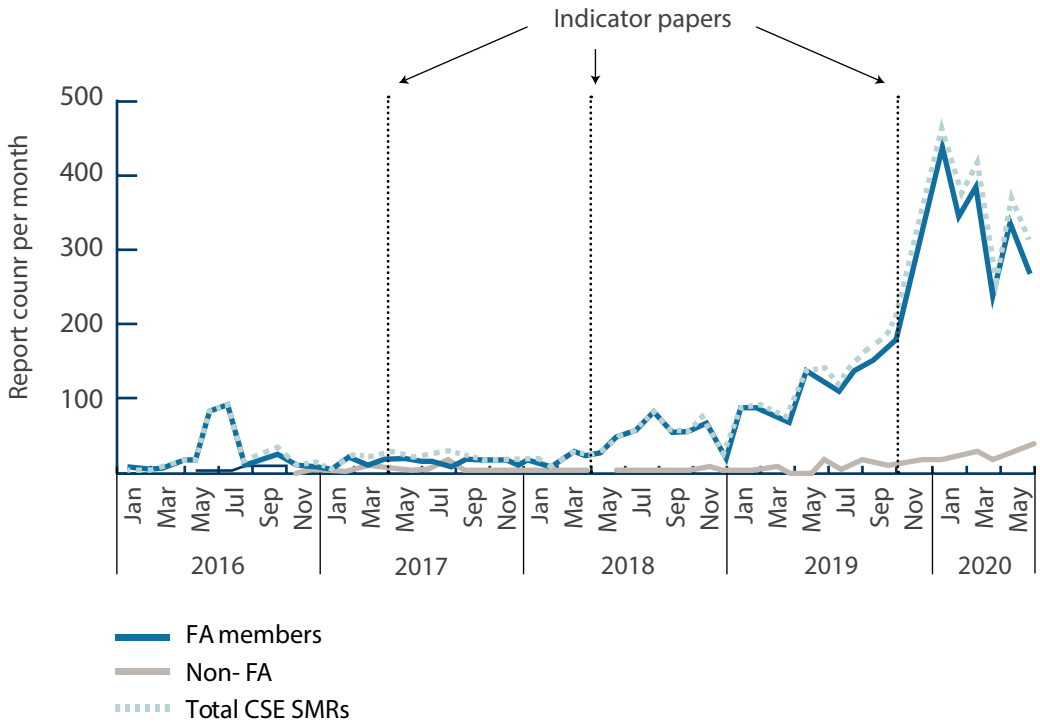
Indicator reports provide contemporary advice to industry and government agencies to support their identification of financial transactions related to certain criminal activities. The presence of indicators highlighted in the reports should encourage further monitoring, examination and reporting by industry where appropriate.

In 2019-20, AUSTRAC released six Indicator Reports through the Fintel Alliance to support partners in reporting suspicious matters to AUSTRAC:

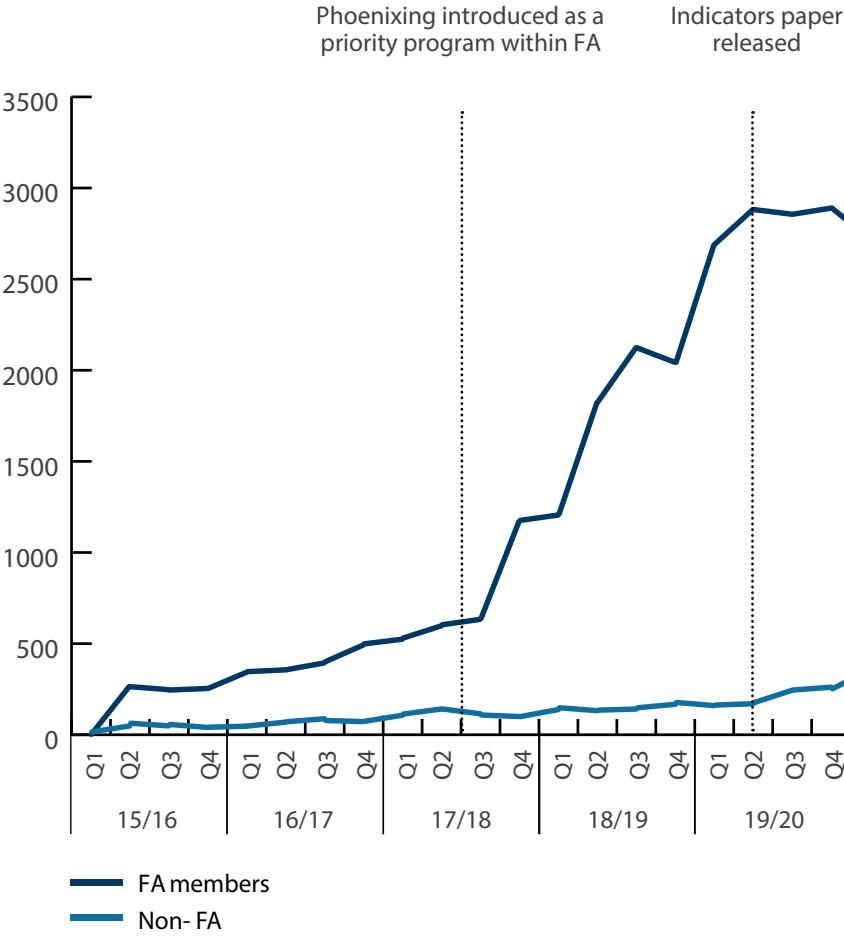
- Illegal Phoenix Activity Indicators in the Labour Hire/Payroll Service industry report, published on AUSTRAC's website in October 2019.
- Combating the sexual exploitation of children for financial gain – Activity indicators report, published on AUSTRAC's website in November 2019.
- four indicator reports covering fraud relating to COVID-19, distributed to Fintel Alliance member institutions, some second tier financial institutions and superannuation funds.


The following graphs demonstrate the change in reporting behaviour following Fintel Alliance engagement, product releases, campaigns and actions. Alliance engagement, product releases, campaigns and actions.

SUSPICIOUS MATTER REPORTS SUBMITTED ON CHILD SEXUAL EXPLOITATION



SUSPICIOUS MATTER REPORTS SUBMITTED ON PHOENIXING



Strategic Objective	Performance Measure	Result
<p>Disrupt</p> <p>AUSTRAC collaborates with partners to disrupt criminal abuse of the financial system.</p>	<p>Evidence of AUSTRAC's contribution to disrupting criminal abuse of the financial system.</p>	

AUSTRAC makes use of our compliance, education and enforcement powers to disrupt criminal abuse of the financial system. We use these powers to take action where organisations fail to protect themselves or the Australian financial system from criminal activity. In addition to the contributions made to law enforcement through our intelligence products (see page 32) and ongoing participation on interagency taskforces (see page 44), AUSTRAC has its own enforcement powers to address serious or systematic non-compliance with AML/CTF legislation.

Supervisory and enforcement actions

REGISTRATION OF DESIGNATED REMITTANCE OR DIGITAL CURRENCY EXCHANGE SERVICES PROVIDERS

Under the AML/CTF Act, it is an offence for a business to provide designated remittance or digital currency exchange services without being registered with AUSTRAC. We can refuse, cancel or suspend the registration of remittance service and digital currency exchange providers if they pose an unacceptable risk of money laundering/terrorism financing or other serious crimes.

In 2019-20, AUSTRAC made the following reviewable decisions in relation to remittance service providers and digital currency exchange service providers:

Type	Remittance Service Providers	Digital Currency Exchange Providers	Total
Cancellation	7	4	11
Suspension	2	2	4
Refused application for registration	2	1	3
Conditions imposed	1	0	1
Reconsideration of decision: affirmed	1	1	2
Total	13	8	21

AUSTRAC has continued to increase its capabilities in this area to identify and prevent criminal entities seeking to infiltrate and exploit Australia’s financial sector. This has included continued enhancement in the automation of registration processes, increasing collaboration and information sharing with partner agencies and a focus on the disruption of criminal infiltration and exploitation of the remittance and digital currency exchange sectors in particular.

Registration of remitters continued to be a focus for us in 2019-20, with a remitter education campaign rolled out from August 2019 (see case study provided on [page 53](#)).

Regulatory actions commenced in 2019-20

CIVIL PENALTY PROCEEDINGS AGAINST WESTPAC BANKING CORPORATION

On 20 November 2019, the AUSTRAC CEO applied for civil penalty orders against the Westpac Banking Corporation alleging over 23 million contraventions of the AML/CTF Act following a detailed investigation into Westpac's non-compliance. Westpac have admitted to a significant number of the alleged contraventions. The matter is still before the Court.

INFRINGEMENT NOTICE ISSUED TO COMPASS GLOBAL HOLDINGS

On 10 September 2019, AUSTRAC issued an infringement notice with a penalty of \$252,000 to Compass Global Holdings Pty Ltd for failing to report a number of international funds transfer instructions from 2018-19.

APPOINTMENT OF AN EXTERNAL AUDITOR TO PAYPAL AUSTRALIA

On 24 September 2019, AUSTRAC ordered the appointment of an external auditor to examine ongoing concerns in regard to PayPal Australia's compliance with the AML/CTF. On 27 February 2020, AUSTRAC granted an extension to the appointment of the external auditor until 31 August 2020 following a request from PayPal. AUSTRAC has granted the extension taking into consideration the scope of the audit, the size and complexity of PayPal Australia's business operations and the overlap with PayPal's international operations. The extension will allow PayPal Australia and the external auditor to fully examine their compliance with the AML/CTF Act.

These matters remain ongoing at the time of publication. Further information is available on AUSTRAC's website.

Collaborating internationally

In 2019-20 our internationally deployed staff undertook a wide range of activities to build greater regional and international collaboration on terrorism financing and financial intelligence. AUSTRAC's program of deployment continues to complement existing networks established by AUSTRAC and its partner agencies to strengthen Australia's defences against serious criminal threats through a combination of:

- contributing to and driving operational outcomes against transnational crime and terrorism financing
- hardening the AML/CTF systems and increasing the operational capability of partner countries
- influencing regional and international operational and policy frameworks
- increasing Australia's quantum and quality of financial intelligence collection, and
- driving globally coordinated regulatory action and supporting domestic and international partners in disrupting terrorist groups and organised crime.

AUSTRAC currently has:

- two officers located with our FIU counterpart (PPATK) in Jakarta
- an officer in Kuala Lumpur to deepen multilateral cooperation with Malaysia and across the region
- an officer in Manila, at the Anti-Money Laundering Council, the Philippines' FIU
- an officer in Guangzhou to enhance relationships with Chinese financial intelligence and regulatory counterparts, and
- officers in Washington and London to deepen our partnerships in those jurisdictions.

Providing feedback on Fintel Alliance operational outcomes

The Fintel Alliance (AUSTRAC's public-private partnership) was established in 2017 and undertakes operations in support of national intelligence priorities. A key measure of the performance of the Fintel Alliance is improved understanding of financial crime threats and identification of priority crime risk profiles.


In November 2019, AUSTRAC published the first Fintel Alliance Annual Report which provided a detailed assessment of the activities undertaken by the Fintel Alliance during 2018-19 and provided feedback to all partners on the outcomes achieved. The report is available on AUSTRAC's website.

During 2019-20 the Fintel Alliance engaged with 27 domestic partner agencies and 5 international agencies. It conducted operations across 24 criminal activity types—of which, child sexual exploitation, environmental crime and welfare fraud were the top three crime types.

Environmental crime was a new program introduced in early 2020. In the latter months of the 2019-20 Fintel Alliance efforts have concentrated on potential exploitation and fraud arising from the COVID-19 pandemic and its effects on trade and government support programs.

Public and private sector partners are provided feedback on Fintel Alliance operations and activities through the monthly Fintel Alliance Working Group, and through more formal recognition where partner agency reporting has led to law enforcement arrests.

	2018-19	2019-20	% change
Operations Commenced	37	29	-22
Fintel Alliance intelligence products	88	255	190
Public / Limited Disclosure Indicators	3	6	100
Notices issued	274	117	-57
SMRs collected	963	2716	182
POI detained / prosecuted	40	34	-15

Strategic Objective	Performance Measure	Result
<p>Disrupt</p> <p>AUSTRAC collaborates with partners to disrupt criminal abuse of the financial system.</p>	<p>Evidence of strengthening the Fintel Alliance.</p>	

The Fintel Alliance is AUSTRAC’s public-private partnership that brings together the expertise and skills of government intelligence and law enforcement agencies and private sector businesses to share intelligence and deliver innovative solutions. Through their collaboration, operations and projects, Fintel Alliance partners contribute to protecting the Australian financial system and community from criminal abuse.

Expanding the Fintel Alliance

In its third year of operation, AUSTRAC focussed on expanding and maturing Fintel Alliance through internal capability and capacity increases and the addition of new partners. In 2019-20, the addition of five new members has increased the capability and reach of the Fintel Alliance—Services Australia, Australian Securities and Investments Commission, Queensland Police, Western Australia Police and Australian Border Force. AUSTRAC takes a measured approach to expansion, with new partners invited to join in response to intelligence objectives or add a particular value to the existing membership cohort.

The blend of new and existing members has led to increased areas of focus including the disruption of trade-based money laundering.

In 2019-20 the Fintel Alliance continued to support the National Disability Insurance Agency to target fraud against the National Disability Insurance Scheme and partnered with the Department of Agriculture, Water and the Environment to combat illegal wildlife trafficking.

Strengthening the Fintel Alliance through innovation

The Alerting Project is a core Fintel Alliance Innovation Hub initiative to improve detection of financial crime. The project will enable the discovery of financial crime risks that only become visible by joining disparate and distributed data sources from multiple reporting entities. The long-term goal is to enable real-time detection and alerting of criminal activities, using a secure system that supports privacy-preserving data matching and machine learning.

During 2019-20, AUSTRAC focused on the development of privacy preserving algorithms that support operational needs while ensuring appropriate levels of privacy and security. After trialling a number of algorithms, the project will leverage the FinTracer algorithm for further development and implementation. The next phases of the project will involve extensive collaboration with industry partners and the identification of typologies or criminal activities on which the capability can be tested.

The Fintel Alliance is also developing a Collaboration and Secure Sharing Platform to enable secure information sharing and improve collaboration between Fintel Alliance partners and other private sector and international stakeholders. During 2019-20 detailed requirements gathering was undertaken to generate a blueprint and implementation roadmap. COVID-19 and associated restrictions have required Fintel Alliance partners to change how they interact and collaborate and this has enabled us to trial the use of alternative communication tools which will be expanded for use on joint operational activities in 2020-21.


AUSTRAC, together with our Indonesian and Malaysian partners, are exploring options for an effective collaboration platform to support the Financial Intelligence Consultative Group—with the Fintel Alliance project being assessed for broader application for use with regional partners.

Maturing Fintel Alliance governance

The Fintel Alliance has continued to ensure strong governance is a hallmark of its operations. This included reviewing and updating protocols which govern membership, information exchange and meetings of governance bodies, namely the Fintel Alliance Strategic Advisory Board and Fintel Alliance Experts Group.

During 2019-20, the Strategic Advisory Board met three times while the Experts group met on five occasions. In addition, meetings were held with CEOs of Strategic Advisory Board private sector partners and government partners to discuss the continuing maturing of the Fintel Alliance, the contribution of the Fintel Alliance to the efforts of those partners and future opportunities for operations and innovation.

The Fintel Alliance continued to engage with international counterpart public private partnerships and engaged with Countries considering such partnerships.

Strategic Objective	Performance Measure	Result
<p>Optimise</p> <p>AUSTRAC continuously evolves and adapts business operations to improve efficiency, effectiveness and sustainability in a dynamic operating environment</p>	<p>Evidence of providing innovative, co-designed technological solutions to drive business productivity and address operational challenges</p>	

AUSTRAC continues to deliver systems and technological solutions that generate efficiencies and support the operations of the agency. This year, our expertise in this space has been applied to continue to build upon the usability of our systems and also to ensure the continued work of AUSTRAC in light of COVID-19 and the need for changed work practices.

Continuing AUSTRAC’s systems uplift

In 2019-20, AUSTRAC continued to transform its IT landscape to uplift and optimise its systems and ensure they remain effective and fit for purpose.

Previously, this work has focussed on intelligence tools and sharing data and information with our partners, including the onboarding of partner agencies onto the Analyst Workbench.

2019-20 marked the next stage of the transformation with work commenced to support our regulatory capability uplift. This has included addressing capacity constraints with our reporting system and the continued development of a case management and customer relationship management system to consolidate the multitude of systems and recording methods currently used to manage our operational work. These IT projects will support operational outcomes into the future and allow AUSTRAC to more effectively undertake enforcement actions against non-compliant entities.

Enabling continued AUSTRAC operations during COVID-19


In response to the COVID-19 pandemic, AUSTRAC delivered multiple technological enhancements within short notice to allow our staff to continue their critical work in the fight against financial crime.

During this time we:

- Expanded our IT gateway and capacity to enable all agency staff to work on the AUSTRAC network remotely within five days of initiating a 100 per cent working from home model.
- Transitioned to collaboration tools that ensured staff could continue to communicate easily with each other and with other key partners. Adopting platforms for tele- and videoconferencing, such as the Department of Finance's networking tool GovTEAMS, enabled the agency's governance committees and other meetings with external partners to continue during the pandemic period, such as the Fintel Alliance Strategic Advisory Board, Audit and Risk Committee and Privacy Consultative Committee.

The effectiveness of the tools have also allowed international meetings, such as Financial Intelligence Consultative Group, to proceed with the GovTEAMS platform supporting connection to all participating countries.

For more information on AUSTRAC's response to COVID-19, please see [page 4](#).

Strategic Objective	Performance Measure	Result
<p>Optimise</p> <p>AUSTRAC continuously evolves and adapts business operations to improve efficiency, effectiveness and sustainability in a dynamic operating environment</p>	<p>Evidence of AUSTRAC delivering improvements that generate long-term efficiencies and uplift capability</p>	

AUSTRAC remains committed to continuously improving and enhancing its capabilities to achieve its purpose with greater efficiency and effectiveness.

Our response to COVID-19 and the challenges it presents to our staff and the way we work has demonstrated our ability to adapt and pivot in response to significant changes in our operating environment. The lessons we have learned in response to COVID-19 will provide valuable lessons for us for managing crises and business continuity disruptions into the future.

Strengthening AUSTRAC’s enabling services

In 2019-20 AUSTRAC continued to mature its enabling services through greater integration and alignment of processes internally and collaboratively with Home Affairs portfolio and the National Intelligence Community.

In August 2019, AUSTRAC delivered its Agency Resource Strategy to guide decisions on future workforce needs, capability development, office locations and future technology solutions. It also allows AUSTRAC to take a joined-up approach to position and build our people, place of operations and technology resources in support of agency objectives.

AUSTRAC’s alignment and integration of planning and resource allocation continued in 2019-20 through the formation of the Strategic Planning, Finance and Performance branch. The new branch has already generated efficiencies and enabled work across the branch’s functions to be more effectively coordinated and aligned to internal and external budget decisions and Home Affairs strategy and capability development.

The improvements brought about by centralising planning, finance and program management functions have also been supported by the development of a 10 year Capital Management Plan and an independent review into AUSTRAC's program management approach. AUSTRAC now has an advanced strategy for the management of its capital investments and assets to aid decision making within a sustainable budgeting and planning framework.

In 2019, an external provider undertook a review of AUSTRAC's Program Management Office. The review examined AUSTRAC's management of capability enhancement projects, including governance, planning, delivery and support, to identify opportunities to improve the agency's project management framework. All of the review recommendations were implemented by 30 June 2020 and has supported continued improvements in our program management, assurance and oversight.

AUSTRAC continues to embrace new opportunities for collaboration and efficiencies within the Home Affairs portfolio. 2019-20 saw the ongoing development of Common Administrative Services, which will allow for streamlined corporate functions throughout the whole portfolio.

Putting business continuity plans into action in response to COVID-19

During the pandemic period AUSTRAC quickly evolved and adapted to realign and reprioritise tasks and maintain high levels of efficiency and productivity in a remote working environment. This was possible due to the revision of our business continuity policy and frameworks in late 2019 and the pandemic plan and crisis response plans developed in early 2020. The plans supported the stand-up of the agency Crisis Management Team and COVID-19 working group who met regularly throughout the pandemic period. Surveys of AUSTRAC staff in June 2020, indicated 83 per cent of staff found internal communications on COVID-19 response to be timely and effective.

Overall analysis of performance

In 2019-20 AUSTRAC continued to enhance our regulatory capability and develop client-focused, actionable intelligence to support our purpose and those of our key partners, in line with government law enforcement and intelligence priorities.

We remained committed to improving and sharing our data and platforms with our partners, to continue to derive mutually beneficial outcomes. Over 2019-20 we focussed on uplifting the current methods of collection and analysis of our data to make maximum use of the data we collect. We did this through innovating new models to analyse data, maturing our alerting systems and learning from our partners. This allowed AUSTRAC to continue identifying and sharing new and emerging risks in the financial system with our domestic and international partners.

2019-20 saw AUSTRAC deepen its integration in the NIC and Home Affairs Portfolio. We are working more collaboratively to focus our intelligence on Whole of Government priorities and the Australian Intelligence Missions. This saw us embed staff into state and federal partner agencies, allowing us to provide tailored advice and intelligence. We continued work with the Australian Taxation Office and Services Australia to fight fraudulent activity as well as continuing our multiple contributions to taskforces and interagency forums.

Our strong partnerships with partner agencies were key to our response and action in response to the COVID-19 pandemic. With short notice, we were able to re-prioritise our resources to detect and provide indicators of criminal activity that arose during the pandemic. We were able to work with our Home Affairs portfolio partners to contribute to the Australian Government's response to COVID-19 through the National Coordination Mechanism Taskforce and support industry through our work on regulatory relief for reporting entities in light of COVID-19.

Through our regulatory function, we have continued to drive legislative reform and streamline processes to help our regulated population to acquit their obligations. We have remained committed to strong education and outreach activities, including the delivery of campaigns to key stakeholders in 2019-20 such as the unregistered remitter education visits.

Our success in these areas is shown in the response of reporting entities through their reporting behaviour in light of these campaigns. We continue to use our enforcement powers in response to serious and systemic non-compliance by reporting entities. This signals AUSTRAC's vigilance in protecting Australia's financial system and the importance of industry in serving as the first line of defence against ML/TF and other serious crime.

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MANAGEMENT AND
ACCOUNTABILITY

CORPORATE GOVERNANCE

AUSTRAC Governance Framework

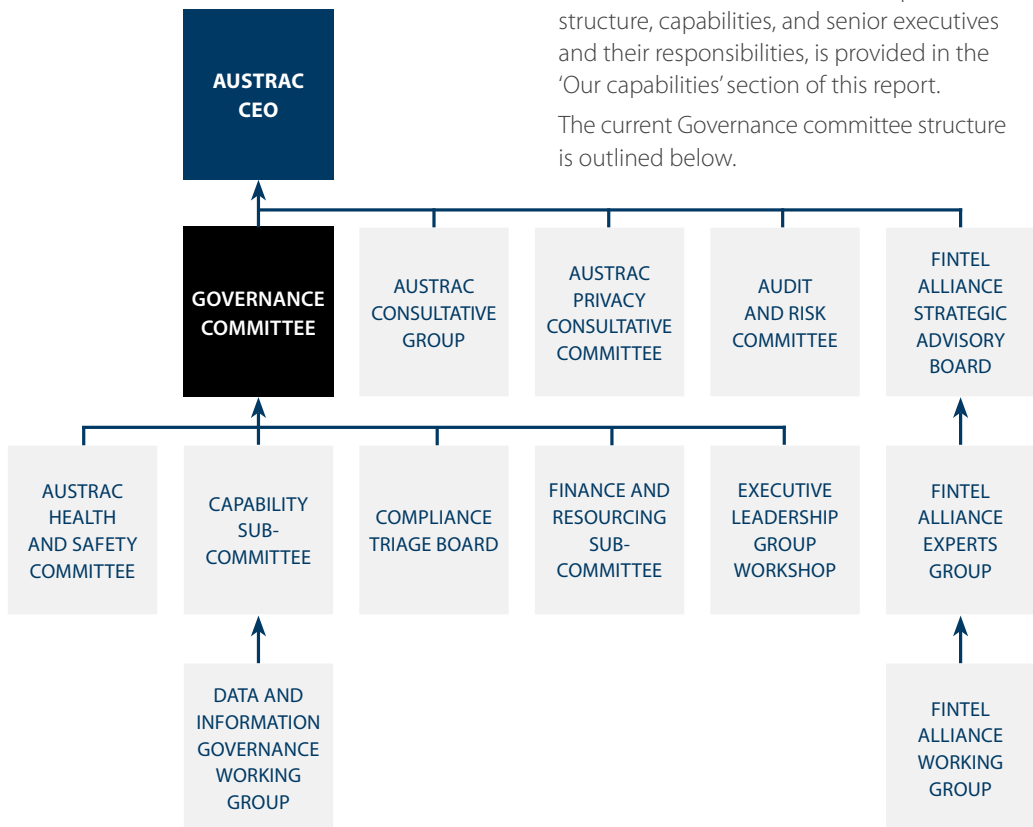
Effective governance is key to ensuring that all the parts of the agency operate together at maximum efficiency through leadership, accountability, investment and performance. AUSTRAC’s Governance Framework sets out structures and processes to ensure well-informed, robust and transparent decision-making occurs to deliver on the agency’s purpose.

AUSTRAC reviews its Governance Framework annually to ensure that the senior management committees remain fit-for-purpose and effective in overseeing AUSTRAC’s management and performance.

In late 2019, an independent review was commissioned of AUSTRAC’s program management function to explore ways to enhance current governance of capability delivery projects. All of the review’s recommendations were implemented prior to 30 June 2020.

Further information about our corporate structure, capabilities, and senior executives and their responsibilities, is provided in the ‘Our capabilities’ section of this report.

The current Governance committee structure is outlined below.



Governance Committee

The Governance Committee comprises the AUSTRAC Chief Executive Officer (CEO), the Deputy CEOs and one National Manager on a rotating basis. The Governance Committee is responsible for the day-to-day operations of the agency, and supports agency governance by making decisions and providing advice and oversight in relation to agency-wide issues.

The Governance Committee also serves as an escalation point to subcommittees and working groups including:

- AUSTRAC Health and Safety Committee – acts as a formal mechanism to facilitate cooperation between AUSTRAC management and employees regarding work health and safety.
- AUSTRAC Capability Sub-Committee – provides oversight of the AUSTRAC's capability program.
- Compliance Triage Board – makes decisions in relation to reporting entity non-compliance and regulatory risks.
- Finance and Resourcing Sub-Committee – provides the Governance Committee with advice and assurance regarding the allocation of resources for operational and capital activities, to promote long-term financial sustainability consistent with AUSTRAC's priorities, risks and legislative obligations.
- Strategic Executive Leadership Group – are held a number of times a year with all AUSTRAC executives to enable information sharing, strategic discussions and deeper consideration of operational matters.

Privacy Consultative Committee

The Privacy Consultative Committee is an advisory committee that provides feedback and advice to the AUSTRAC CEO on AUSTRAC activities, initiatives or projects that may have privacy implications. The Committee is chaired by AUSTRAC and includes members from the Australian Criminal Intelligence Commission, Australian Federal Police, Australian Privacy Foundation, Australian Taxation Office, Department of Home Affairs, Liberty Victoria and the Office of the Australian Information Commissioner.

In 2019–20 the Committee met four times, with the June 2020 meeting held virtually due to the restrictions placed on workplaces as a result of the COVID-19 pandemic. Some of the matters considered in 2019–20 included proposed amendments to the access and secrecy provisions of the AML/CTF Act included in the Anti-Money Laundering and Counter Terrorism-Financing and Other Legislation Amendment Bill 2019; development of privacy-preserving alerts to better detect suspicious or illicit activities; and AUSTRAC's work in contributing to the Government's COVID-19 pandemic response and detection of fraudulent activities associated with the pandemic.

Audit and Risk Committee

The AUSTRAC Audit and Risk Committee, established by the Chief Executive Officer (CEO), provides independent advice to the CEO and her executive team on AUSTRAC's financial reporting, performance reporting, risk management and internal controls systems.

Its functions are summarised in the Audit and Risk Committee Charter which is endorsed by the CEO annually and can be found on the AUSTRAC website at: www.austrac.gov.au/about-us/corporate-information-and-governance/reports-and-accountability/austrac-audit-and-risk-committee-charter.

In 2019-20 the committee was comprised of five members, of which the Chair and two members were external to the agency.

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended / total number of meetings	Total annual remuneration *
<p>Mr Geoff Knuckey Chair</p>	<ul style="list-style-type: none"> • 32-year career with Ernst & Young specialising in Audit and Assurance Services in both the public and private sectors across a range of industries. • Full-time company director and audit committee member since 2009, serving on boards for multiple private sector entities. • Extensive experience as an Audit Committee member and Chair and is currently serving on audit committees for numerous government entities. • Bachelor of Economics (ANU), Fellowship of Chartered Accountants, a Graduate member of the Australian Institute of Company Directors, and a Registered Company Auditor. 	<p>3 of 4 meetings</p>	<p>\$6210.75 exclusive of GST</p>
<p>Ms Elizabeth Montano</p>	<ul style="list-style-type: none"> • Over twenty years' experience as independent and non-executive chair, deputy chair and member of boards and audit committees across a range of government and not for profit entities. • Extensive experience in governance and the machinery of government including in financial and performance reporting, risk, assurance and program and project management and oversight. • Bachelor of Arts and Bachelor of Laws (UNSW) and Fellow of the Australian Institute of Company Directors. • Former Chief Executive Officer in the Commonwealth and senior financial services lawyer with King & Wood Mallesons. 	<p>4 of 4 meetings</p>	<p>\$9,000.00 exclusive of GST</p>

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended / total number of meetings	Total annual remuneration *
<p>Ms Janine McMinn</p>	<ul style="list-style-type: none"> • Independent director and executive adviser with over 34 years' experience in internal audit and information technology. • Member of eight audit and risk committees. • Former Partner for Oakton's ICT Assurance and Security business, advising many organisations in the management of risk, and ICT security. • Experience conducting assurance reviews in both Public and Private organisations. • Bachelor of Arts in Computing and Statistics (ANU), is a Fellow of the Australian Institute of Company Directors, Certified Information Systems Auditor and Certified Information Security Manager. • President of the Australian War Memorial Voluntary Guides and provides mentoring and coaching support to senior executives, and to Computing Master students at the ANU. 	<p>3 of 4 meetings</p>	<p>\$2,185.93 exclusive of GST</p>
<p>Dr John Moss</p>	<ul style="list-style-type: none"> • Internal AUSTRAC member (see biographical information on page 20). 	<p>4 of 4 meetings</p>	<p>n/a</p>
<p>Ms Kathryn Haigh</p>	<ul style="list-style-type: none"> • Internal AUSTRAC member (see biographical information on page 18). 	<p>4 of 4 meetings</p>	<p>n/a</p>

Note: remuneration includes meetings and out of session work.

Planning and performance reporting

Each year, AUSTRAC considers its strategic direction and key initiatives for the years ahead through the development of our corporate plan. The plan articulates our purpose, performance measures and the key short and medium term initiatives we will deliver to build our capabilities in regulation, intelligence, data and analytics and our people.

The initiatives are developed as part of our annual internal planning process and the development of branch plans. Each branch plan considers its business-as-usual work, risks and delivery of key projects, in line with our strategic direction and performance measures. This ensures agency work is conducted with clear line of sight to our purpose, and whole-of agency performance can be monitored and reported.

Regular branch reports align to the requirements of the annual performance statement and provide assurance to the Governance Committee of the progress against branch plans and the corporate plan performance measures.

In 2019-20, AUSTRAC continued to mature the agency's planning capabilities to align its planning and performance reporting processes with budget setting, capital investment planning and capability delivery. This was enabled by centralising these functions within the Strategic Planning, Finance and Performance Branch, established in July 2019. The Branch will continue to integrate processes to improve resource allocation in the support of agency priorities.

Risk management

AUSTRAC's risk management framework and policy support the CEO, as the accountable authority, to ensure the agency has appropriate systems of risk oversight and management and engages effectively with risk. The Governance Committee and AUSTRAC's Audit and Risk Committee support the CEO in her oversight of risk management and the application of the framework across the agency to enable our staff to make risk-informed decisions.

The framework and policy align with section 16 of the *Public Governance, Performance and Accountability Act 2013* and the Commonwealth Risk Management Policy.

During 2019–20, AUSTRAC reviewed and updated its risk framework to ensure that systematic risk management remains embedded across AUSTRAC and supports informed decision-making and business planning at all levels of the organisation. Continued efforts were deployed to improve the agency's risk culture and understanding of risk at all levels.

Internal audit

The CEO relies on the agency's internal audit function to provide assurance that the agency's financial and operational controls are efficient, effective, economical and ethical. The Audit and Risk Committee provide independent objective assessments of the audit reports and updates that are submitted to the committee throughout the year. The annual internal audit program is endorsed by the Governance Committee to ensure it focuses on key risk areas for the agency.

Fraud control and integrity

AUSTRAC is committed to meeting the high standard of ethics expected in performing our functions as Australia's anti-money laundering and counter-terrorism financing regulator and specialist financial intelligence unit. We are dedicated to continued improvement of our integrity framework to support an honest, professional and fair workforce that embodies the Australian Public Service Values and Code of Conduct.

Since partnering with the Australian Commission for Law Enforcement Integrity to assess our maturity in 2017, we have continued to adopt a range of improvement measures that strengthen the agency's fraud and corruption detection and resilience.

AUSTRAC's fraud prevention, detection, investigation, reporting and data collection procedures and processes align with the requirements of the Commonwealth Fraud Control Framework 2017.

In addition, our fraud and corruption control framework complies with the requirements of section 10 of the Public Governance, Performance and Accountability Rule 2014 and the Commonwealth Fraud Control Policy. AUSTRAC has taken reasonable measures to protect the agency against fraud in line with its fraud and corruption control plan and the agency's assessment of fraud risks. The fraud and corruption control plan revised in 2019, outlines the roles, responsibilities and processes AUSTRAC has in place with respect to fraud and corruption. It also includes the critical roles that all AUSTRAC staff have in managing potential, perceived and actual fraud and corruption risks.

Finance law compliance

During 2019–20 AUSTRAC did not identify any significant issues relating to non-compliance with the finance law. As such the accountable authority did not report to the responsible Minister any serious non-compliance as required by paragraph 19(1)(e) of the *Public Governance, Performance and Accountability Act 2013*.

EXTERNAL SCRUTINY

Ministerial and Parliamentary oversight

Throughout 2019–20 the AUSTRAC CEO reported on AUSTRAC’s operations to the Minister for Home Affairs. AUSTRAC’s transparency and accountability to Parliament also includes responding to questions on notice and publishing information required by Senate Orders. AUSTRAC appears before Parliamentary Committees (including Senate Estimates) when required, and provides information such as input into portfolio submissions to inquiries.

During 2019–20 AUSTRAC appeared at public hearings of: the Parliamentary Joint Committee on Law Enforcement Inquiry into Illicit Tobacco; Senate Economics Legislation Committee Inquiry into the provisions of the Currency (Restrictions on the Use of Cash) Bill 2019; and Senate Select Committee on Financial Technology and Regulatory Technology.

AUSTRAC witnesses also appeared at the Supplementary Budget and Additional Estimates hearings, before the Senate Legal and Constitutional Affairs Legislation Committee.

In 2019–20 there were no judicial decisions, decisions of administrative tribunals, or decisions by the Australian Information Commissioner that had a significant impact on AUSTRAC’s operations.

There were no reports on AUSTRAC’s operations given by the Auditor-General, a Parliamentary Committee, or the Commonwealth Ombudsman. There were no capability reviews of the agency.

Freedom of information

Entities subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a 'section 8' statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

AUSTRAC's IPS plan is at www.austrac.gov.au/about-us/corporate-information-and-governance/foi-and-information-publishing-scheme/information-publication-scheme-plan.

In 2019–20 AUSTRAC received 470 FOI requests for 7,764 pages.

Financial year	Requests received	Number of pages considered during the period
2019-20	470	7,764
2018-19	509	6,720
2017-18	416	50,278
2016-17	166	11,290
2015-16	140	9,847
2014-15	105	24,966

Statistical information about FOI requests, including costs incurred, is published by the Office of the Australian Information Commissioner.

PROCUREMENT, ASSETS AND GRANTS

Purchasing

The *Public Governance, Performance and Accountability Act 2013* governs AUSTRAC's use of Commonwealth resources and expenditure of public money. The Commonwealth Procurement Rules are applied when procuring goods and services, including consultancies.

Our Procurement and Contracts team provides strategic advice to agency staff on procurement and establishment of contracts that supports the agency's purpose and strategic priorities. The team also ensures procurements and contracts are consistent with legislative obligations and Commonwealth Government procurement policies.

An annual procurement plan is published on AusTender, which is reviewed and updated as required. Information about expenditure on contracts and consultancies is available on the AusTender website. www.tenders.gov.au

Consultants and contracts

During 2019–20, three new consultancy contracts were entered into involving total actual expenditure of \$150,738 (GST inclusive). There were no ongoing consultancy contracts from 2018-19 that were active during 2019-20.

New and ongoing Consultancy contracts 2019-20	Total
Number of new contracts entered into during 2019-20	3
Total actual expenditure during the period on new contracts (GST inclusive)	\$150,738.00
No. of ongoing contracts engaging consultants that were entered into during a previous period	0
Total actual expenditure during 2019-20 on ongoing contracts (GST inclusive)	0

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website (www.tenders.gov.au).

AUSTRAC engages consultants when specialists or experts are required, and for independent research, defined reviews or assessments—for example, analysing a specific issue, or providing independent advice, information or solutions to assist in decision making.

Decisions to engage consultants in 2019–20 were made in accordance with the *Public Governance, Performance and Accountability Act 2013*, Commonwealth Procurement Rules and relevant internal policies.

During 2019-20, AUSTRAC extended one contract that had been exempt from publication on the AusTender website. The value of the contract extension was \$1,008,000.00 (GST inclusive).

Australian National Audit Office access clauses

In 2019–20 AUSTRAC entered into one contract with a value of \$100,000 or more (GST inclusive) that did not provide for the Auditor-General to have access to the contractor's premises. This contract is detailed below.

Entity name	Niara Tech Pty Ltd
Contract value (GST inclusive)	\$926,068.70
Contract purpose	Data Backup Solution
Reason for standard access clause not included	Supplier contract

Procurement initiatives to support small business

AUSTRAC supports small business participation in the Commonwealth Government procurement market. Small and medium-sized enterprise and small enterprise participation statistics are available on the Department of Finance's website at <https://www.finance.gov.au/government/procurement/statistics-australian-government-procurement-contracts->

Our procurement practices support small and medium business enterprises by:

- promoting use of the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000 (GST inclusive)
- promoting the relevant consideration of the Indigenous Procurement Policy for procurements between \$80,000 and \$200,000 (GST inclusive)
- encouraging credit card payments for procurements valued under \$10,000 (GST inclusive)
- motivating competitive participation by using standard documentation and conditions
- ensuring offers are clear, in plain English and accessible.

AUSTRAC recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on Treasury's website, www.treasury.gov.au.

Advertising and market research

During 2019-20, AUSTRAC did not conduct any advertising campaigns. The following payments were made to media advertising agencies in 2019–20:

- \$66,477 (GST Exclusive) to Department of Home Affairs for media monitoring services
- \$70,520 (GST Exclusive) to Media Brands Australia Pty Ltd for recruitment advertising.

AUSTRAC did not make any payments to direct mail, market research or polling organisations.

Legal Services expenditure

The total expenditure on legal services for the financial year ended 30 June 2020 was \$4,013,798 (GST exclusive).

In accordance with Office of Services Coordination reporting requirements, this includes the cost of providing internal and external legal services.

\$2,517,169 (GST exclusive) was spent on purchasing external legal services.

\$1,496,629 (GST exclusive) was spent on purchasing internal legal services.

Asset management

Asset management is not a significant part of AUSTRAC's activities. However, AUSTRAC developed a 10-year capital management plan in 2019–20 to support the ongoing management of AUSTRAC's asset base.

Grants

Information on grants awarded by AUSTRAC during 2019–20 is available at: www.austrac.gov.au/about-us/corporate-information-and-governance/reports-and-accountability/grants-awarded-austrac.

Correction of material errors in previous annual report

No errors were identified in the 2018-19 AUSTRAC Annual Report.

Ecologically sustainable development and environmental performance

AUSTRAC is committed to meeting our obligations under the *Environment Protection and Biodiversity Conservation Act 1999* by continually improving our environmental performance and sustainable business practices. Our green office principles help to reduce the impact of AUSTRAC's ecological footprint, including:

- conserving energy and water use
- reducing office consumables and waste
- maximising reusable resources
- increasing opportunities for recycling
- avoiding purchase and use of unrecyclable, non-reusable products
- incorporating sustainable initiatives into business decisions.

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MANAGEMENT OF
HUMAN RESOURCES

OUR PEOPLE

In 2019-20 AUSTRAC continued to invest in supporting and building the capability of our people for the future. To support this objective, the Agency Resource Strategy 2019-2023, was released. The Strategy sets out the overarching priorities and initiatives for sustaining, evolving and building AUSTRAC's People, Place and Technology resources into the future providing a set of guiding principles to support decision making under a number of future scenarios. A number of people initiatives were introduced to enable us to better prepare for and respond to workplace change, including: implementation of a new Health, Safety and Wellbeing Initiative, an online onboarding tool, automation of approval processes, access to core and professional development opportunities online and a refresh of our recruitment and performance management processes.

The agency focused on maturing its approach to operational workforce planning. This work included capability uplift for line areas in workforce management and workforce planning practices and the development of Branch Operational Workforce Plans to support evidence-based decision making that translates our strategic objectives into prioritised, practical actions for investment for the coming year.

ONE AUSTRAC

TRUSTED • COURAGEOUS • FOCUSED

UNITED	ACCOUNTABLE	EMPOWERED	COURAGEOUS	INCLUSIVE
				
<p>We work together as one AUSTRAC and have high expectations of ourselves and others. We embrace change and collaborate internally and with our partners to serve the community.</p>	<p>We are transparent and accountable for our actions. We are honest and consistent, which builds trust and earns us credibility.</p>	<p>We empower our people to share new ideas without fear. This empowerment upholds our high performing reputation across the community and with our partners.</p>	<p>We are innovative, flexible and embrace new ideas. We are bold enough to take risks and test new ideas to solve problems, but we are never reckless.</p>	<p>We recognise and celebrate our differences. We embrace diversity and are respected for it. People are our strength, we care for and support each other.</p>

AUSTRAC's 'One AUSTRAC' philosophy, described in the image on [page 89](#), recognises that employees are stronger together than as individuals. As an organisation, this is reflected in AUSTRAC's role and the interconnected nature of our regulatory and financial intelligence functions, as well as agency-wide corporate support.

The 'One AUSTRAC' concept was created by employees for employees, articulating cultural traits that are unique to AUSTRAC and necessary to deliver AUSTRAC's vision.

The culture statement 'One AUSTRAC' captures AUSTRAC's values and behavioural expectations. AUSTRAC is united by working as one and collaborating with partners. It is accountable for employees' safety and wellbeing. It empowers employees through recognition and job security. It has an inclusive culture and leadership team. It encourages employees to be courageous and continue to learn and grow.

AUSTRAC ENTERPRISE AGREEMENT

The AUSTRAC Enterprise Agreement 2016-2019, covering all non-Senior Executive Service (SES) AUSTRAC employees, expired in March 2019. Instead of bargaining for a new agreement AUSTRAC staff chose the option of a determination under subsection 24(1) of the *Public Service Act 1999*. As a result the AUSTRAC CEO made a subsection 24(1) determination. This included supplementing the AUSTRAC Enterprise Agreement 2016-2019 to provide agency-wide remuneration increases during the period 2019-21.

The current agreement expires in March 2021.

EXECUTIVE REMUNERATION

The terms and conditions of employment for AUSTRAC's SES are established under subsection 24(1) of the *Public Service Act 1999*, and outlined in the respective employee's determination. The majority of employment conditions are similar to those set out in AUSTRAC's Enterprise Agreement and comply with the APS Executive Remuneration Policy.

The AUSTRAC SES Remuneration Policy ensures a consistent approach in determining SES remuneration. As at 30 June 2020, such determinations were in operation for 10 SES employees.

AUSTRAC benchmarks SES remuneration against the annual APS remuneration surveys. The AUSTRAC CEO is responsible for setting the appropriate remuneration for SES employees upon engagement, move or promotion. The CEO also reviews SES salaries regularly to ensure SES base salaries remain competitive.

SES base salary generally increases in line with those that apply to non-SES employees. This is in accordance with the agency's enterprise agreement or other applicable mechanisms, such as an agency wide subsection 24(1) determination. However, due to the Covid-19 pandemic, the SES pay adjustment was suspended this year as directed by the APSC Commissioner on 26 March 2020.

No AUSTRAC incentive payments were made to SES employees during 2019-20.

EMPLOYMENT CONDITIONS

The terms and conditions of employment for AUSTRAC's non-SES employees are governed by the AUSTRAC Enterprise Agreement 2016-2019. This remains in force under the subsection 24(1) determination, but can be varied through a written individual flexibility arrangement (IFA).

The AUSTRAC IFA policy outlines the underlying principles whereby an IFA may be established. It also sets out the approval process and governance of IFAs. AUSTRAC's Governance Committee approves IFAs, and these are reviewed annually to ensure they continue to support AUSTRAC's operational requirements.

At 30 June 2020 there were 29 IFAs in effect. The majority of these related to salary arrangements.

No AUSTRAC employees were covered by common law contracts in 2019-20. Performance pay was also not applicable.

LEARNING AND DEVELOPMENT

AUSTRAC continued to invest in building the capability of our people in 2019-20. More than 200 learning and development opportunities were undertaken by staff including 122 external development opportunities accessed through 46 providers. Leadership and management remained a strong focus with 19 APS and Executive Level employees and 5 SES employees participating in leadership and management programs from a range of providers including the Australian Public Service Commission, Australian Institute of Police Management and the National Security College.

Traditional face to face learning and development activities were significantly impacted by COVID-19 and resulted in a transition to virtual and online learning to support continued capability uplift from early 2020. A suite of core and professional development opportunities were made available to all staff through Learnhub, our internal learning platform, and virtual workshops were offered to support managers in effectively leading and managing remote and dispersed teams.

Our Studies Assistance program continues to be well regarded with a total of 27 employees accessing professional development opportunities through the program in 2019-20. Similarly our in-house six month mentoring program continued to expand with 10 mentoring partnerships created during the year.

In 2019-20 two iterations of our Financial Intelligence Analyst Course, aimed at building high quality analyst and tradecraft skills, were offered domestically. One iteration of the Regional Financial Intelligence Analyst Course was completed in Singapore to support the capability uplift of Financial Intelligence Units across the South-east Asia region, with 21 participants attending.

Initiatives to enhance Learning and Development were implemented including the release of an online Onboarding Tool for new employees, automation of application and approval processes for accessing development opportunities and streamlining of our communication channels to increase awareness of upcoming development opportunities.

AUSTRAC's COVID-19 RESPONSE

Keeping AUSTRAC working

COVID-19 has had far reaching impact on AUSTRAC and the way we work. From early 2020, AUSTRAC began developing a pandemic plan that responded to different scenarios and helped to guide decisions. This ensured we could continue our work without interruption while keeping staff safe. A small team was also rapidly deployed to Home Affairs to support the Government's COVID-19 response.



Pandemic Response Plan rapidly developed



Scaling up AUSTRAC's IT infrastructure for a remote workforce



Remote work from home arrangements



Staged return to the office



Continual monitoring and review

MAR 16

IT bandwidth and capacity expansion starts to enable remote work

MAR 18

AUSTRAC staff encouraged to work remotely, using designated online access windows, internationally posted AUSTRAC staff return to Australia

MAR 25

Approx 60% of staff move to remote work

MAR 26

IT bandwidth expansion complete, AUSTRAC offices close

Staff surveys May & June

83%

Staff working remotely full time

95%

Staff satisfied working from home

83%

Said COVID-19 communications timely and effective

Top 3 challenges:



Staff engagement



Social isolation



Physical workspace

MAR 27



100% (514) staff have remote work option

MAR 30



Online access windows lifted, flexible working hours available



Virtual development sessions for managers, build capability to manage remote/dispersed teams

Staying connected and supported



Frequent communication to staff from executive team



64 managers attended training sessions on supporting team wellbeing



270 vouchers provided for flu vaccinations



WHS risk assessments completed across AUSTRAC offices and international deployment locations



Rapid move to GovTeams to enable video conferencing organisation-wide

Support for Whole of Government COVID response



10 staff deployed to Home Affairs



Review of critical roles to support APS-wide COVID-19 activities



40% of AUSTRAC staff registered interest in deploying to support the Government's COVID-19 response



20% of AUSTRAC staff were confirmed suitable to be deployed to Home Affairs

Overall, staff reported they felt well supported by AUSTRAC and their managers, with high productivity and collaboration



AUSTRAC offices partially reopen, limited access essential staff only



MAY 11

Stage 2 office reopen, essential and approved staff only to attend office regularly, most staff continue to work remotely



JUN 3

WORK HEALTH AND SAFETY

AUSTRAC is committed to fostering a positive safety and wellbeing culture, and ensuring the health and safety of our employees, contractors, visitors, and anyone who may be affected by our operations. We ensure we comply with the *Work Health and Safety Act 2011 (WHS Act)* and the *Safety, Rehabilitation and Compensation Act 1988*, through:

- Prevention—providing and maintaining a healthy and safe working environment, and preventing work-related injury or illness, by adopting a proactive risk management approach to WHS as an integral part of overall business operations.
- Injury management—reducing the personal, organisational and financial costs of both compensable and non-compensable injuries and illnesses, through active early intervention and return-to-work programs.
- Wellbeing initiatives—providing programs to enhance the physical and mental wellbeing of our employees, improve engagement and promote a culture of proactive wellness.

There were no notifiable Work Health and Safety incidents reported to Comcare in 2019-20.

In 2019-20 AUSTRAC did not have any:

- WHS investigations by Comcare
- compensation claims accepted by Comcare
- improvement notices issued by Health and Safety Representatives (section 90 of the WHS Act)
- improvement notices issued by Comcare (section 191 of the WHS Act)
- non-disturbance notices issued by Comcare (section 198 of the WHS Act).

AUSTRAC's Comcare premium for 2019-20 was 0.19 per cent of payroll, well below the overall scheme rate of 0.85 per cent.

DIVERSITY AND INCLUSION

AUSTRAC's Diversity and Inclusion Program 2019-23 aims to position AUSTRAC as an employer of choice by attracting, supporting, advancing and celebrating employees across all diversity dimensions. It includes individual action plans for disability and access, Indigenous employment, gender equality, LGBTI+, culturally and linguistically diverse and mature age.

The program is driven by the AUSTRAC Diversity and Inclusion Leadership Group which is chaired by Co-Diversity Champions at the SES level. The group is supported by the agency Human Resources team and met quarterly over 2019-20.

In 2019-20, the Diversity and Inclusion Leadership Group focused on building the foundations of an inclusive and barrier free workplace and as at 30 June 2020, fifteen of the programs fifty-two targets have been achieved.

Activities undertaken during 2019-20 included:

- **Building and maintaining relationships and networks** with member organisations (Pride in Diversity, Australian Network on Disability and Diversity Council Australia) and partner agencies (primarily the Home Affairs portfolio and the National Intelligence Community) in order to provide AUSTRAC employees with expanded resources, support and networking opportunities.
- **Supporting professional and cultural development** of our employees through the provision of mentoring, training and leadership programs such as the Australian Institute of Police Management Balance Program and the Jawun Indigenous Secondment Program.
- **Providing a workplace that promotes safety and respect** through AUSTRAC's Domestic and Family Violence Policy, promotion of appropriate workplace behaviour and ensuring accessibility requirements are met, both digitally and physically.
- **Driving a supportive and enabling workplace culture** by promoting AUSTRAC as a flexible employer throughout all stages of the employee life cycle and encouraging opportunities for networking, sharing experiences and discussing issues.
- **Educating and celebrating diversity** by encouraging participation in events to celebrate and raise awareness of diversity issues, such as International Men's Day (2019), International Day of People with Disability (December 2019), International Women's Day (March 2020), National Reconciliation Week (May-June 2020) and Pride month (June 2020).

DISABILITY REPORTING MECHANISM

Since 1994, non-corporate Commonwealth entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service reports and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au. From 2010–11, entities have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society.

A high-level, two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these progress reports was published in 2014, and can be found at www.dss.gov.au.

EMPLOYEE STATISTICS

All Ongoing Employees Current Report Period (2019-20)

	Male			Female			Indeterminate			Total
	Full-time	Part time	Total Male	Full-time	Part time	Total Female	Full-time	Part time	Total Indeterminate	
NSW	58	1	59	72	21	93	-	-	-	152
QLD	7	-	7	12	2	14	-	-	-	21
SA	-	-	-	1	-	1	-	-	-	1
TAS	-	-	-	-	-	-	-	-	-	-
VIC	53	4	57	37	14	51	-	-	-	108
WA	1	-	1	2	1	3	-	-	-	4
ACT	39	2	41	42	3	45	-	-	-	86
NT	-	-	-	-	-	-	-	-	-	-
O/S	4	-	4	2	-	2	-	-	-	6
Total	162	7	169	168	41	209	-	-	-	378

Note: Figures are based on actual head counts of employees under sub sections 22(2)(a) and 22(2)(b) of the *Public Service Act 1999* and include staff on long-term leave. The AUSTRAC CEO is not included in the table as the CEO is not engaged under section 22 or section 72.

All Non-Ongoing Employees Current Report Period (2019-20)

	Male			Female			Indeterminate			Total
	Full-time	Part time	Total Male	Full-time	Part time	Total Female	Full-time	Part time	Total Indeterminate	
NSW	6	1	7	2	4	6	-	-	-	13
QLD	-	-	-	1	-	1	-	-	-	1
SA	-	-	-	1	-	1	-	-	-	1
TAS	-	-	-	-	-	-	-	-	-	-
VIC	3	-	3	1	-	1	-	-	-	4
WA	-	-	-	-	-	-	-	-	-	-
ACT	2	-	2	3	3	6	-	-	-	8
NT	-	-	-	-	-	-	-	-	-	-
O/S	-	-	-	-	-	-	-	-	-	-
Total	11	1	12	8	7	15	-	-	-	27

Note: Figures are based on actual head count of employees engaged under subsection 22(2) of the *Public Service Act 1999* but do not include irregular/ intermittent employees.

All Ongoing Employees Previous Report Period (2018-19)

	Male			Female			Indeterminate			Total
	Full-time	Part time	Total Male	Full-time	Part time	Total Female	Full-time	Part time	Total Indeterminate	
NSW	58	1	59	69	19	88	-	-	-	147
QLD	8	-	8	13	2	15	-	-	-	23
SA	-	-	-	-	-	-	-	-	-	-
TAS	-	-	-	-	-	-	-	-	-	-
VIC	46	2	48	33	12	45	-	-	-	93
WA	-	-	-	2	1	3	-	-	-	3
ACT	34	1	35	37	6	43	-	-	-	78
NT	-	-	-	-	-	-	-	-	-	-
O/S	3	-	3	4	-	4	-	-	-	7
Total	149	4	153	158	40	198	-	-	-	351

Note: Figures are based on actual head counts of employees under sub sections 22(2)(a) and 22(2)(b) of the *Public Service Act 1999* and include staff on long-term leave. The AUSTRAC CEO is not included in the table as the CEO is not engaged under section 22 or section 72.

All Non-Ongoing Employees Previous Report Period (2018-19)

	Male			Female			Indeterminate			Total
	Full-time	Part time	Total Male	Full-time	Part time	Total Female	Full-time	Part time	Total Indeterminate	
NSW	10	1	11	3	6	9	-	-	-	20
QLD	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	1	-	1	-	-	-	1
TAS	-	-	-	-	-	-	-	-	-	-
VIC	5	-	5	1	-	1	-	-	-	6
WA	-	-	-	-	-	-	-	-	-	-
ACT	2	-	2	1	1	2	-	-	-	4
NT	-	-	-	-	-	-	-	-	-	-
O/S	-	-	-	-	-	-	-	-	-	-
Total	17	1	18	6	7	13	-	-	-	31

Note: Figures are based on actual head count of employees engaged under subsection 22(2) of the *Public Service Act 1999* but do not include irregular/ intermittent employees.

All Australian Public Service Act Ongoing Employees
Current Report Period (2019-20)

	Male			Female			Indeterminate			Total
	Full-time	Part time	Total Male	Full-time	Part time	Total Female	Full-time	Part time	Total Indeterminate	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	3	-	3	-	-	-	-	-	-	3
SES 1	4	-	4	3	-	3	-	-	-	7
EL 2	22	2	24	13	4	17	-	-	-	41
EL 1	36	3	39	36	14	50	-	-	-	89
APS 6	67	2	69	73	18	91	-	-	-	160
APS 5	24	-	24	30	4	34	-	-	-	58
APS 4	4	-	4	13	-	13	-	-	-	17
APS 3	2	-	2	-	1	1	-	-	-	3
APS 2	-	-	-	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL	162	7	169	168	41	209	-	-	-	378

Note: Figures are based on substantive classification as at 30 June 2020.

All Australian Public Service Act Non-Ongoing Employees
Current Report Period (2019-20)

	Male			Female			Indeterminate			Total
	Full-time	Part time	Total Male	Full-time	Part time	Total Female	Full-time	Part time	Total Indeterminate	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	-	-	-	-	-	-	-	-	-	-
SES 1	-	-	-	-	-	-	-	-	-	-
EL 2	1	-	1	-	-	-	-	-	-	1
EL 1	3	-	3	2	2	4	-	-	-	7
APS 6	3	-	3	2	4	6	-	-	-	9
APS 5	4	1	5	4	-	4	-	-	-	9
APS 4	-	-	-	-	1	1	-	-	-	1
APS 3	-	-	-	-	-	-	-	-	-	-
APS 2	-	-	-	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL	11	1	12	8	7	15	-	-	-	27

Note: Figures are based on substantive classification as at 30 June 2020.

Australian Public Service Act Ongoing Employees
Previous Report Period (2018-19)

	Male			Female			Indeterminate			Total
	Full-time	Part time	Total Male	Full-time	Part time	Total Female	Full-time	Part time	Total Indeterminate	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	3	-	3	-	-	-	-	-	-	3
SES 1	4	-	4	3	-	3	-	-	-	7
EL 2	19	3	22	15	2	17	-	-	-	39
EL 1	34	-	34	26	17	43	-	-	-	77
APS 6	63	1	64	66	16	82	-	-	-	146
APS 5	19	-	19	34	3	37	-	-	-	56
APS 4	5	-	5	14	1	15	-	-	-	20
APS 3	2	-	2	-	1	1	-	-	-	3
APS 2	-	-	-	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL	149	4	153	158	40	198	-	-	-	351

Note: Figures are based on substantive classification as at 30 June 2019.

Australian Public Service Act Non-Ongoing Employees
Previous Report Period (2018-19)

	Male			Female			Indeterminate			Total
	Full-time	Part time	Total Male	Full-time	Part time	Total Female	Full-time	Part time	Total Indeterminate	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	-	-	-	-	-	-	-	-	-	-
SES 1	-	-	-	1	-	1	-	-	-	1
EL 2	2	1	3	-	-	-	-	-	-	3
EL 1	2	-	2	1	2	3	-	-	-	5
APS 6	7	-	7	3	4	7	-	-	-	14
APS 5	6	-	6	1	-	1	-	-	-	7
APS 4	-	-	-	-	1	1	-	-	-	1
APS 3	-	-	-	-	-	-	-	-	-	-
APS 2	-	-	-	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL	17	1	18	6	7	13	-	-	-	31

Note: Figures are based on substantive classification as at 30 June 2019.

Australian Public Service Act Employees by Full-time and Part-time Status Current Report Period (2019-20)

	Ongoing			Non-ongoing			Total
	Fulltime	Part time	Total Ongoing	Fulltime	Part time	Total Non-Ongoing	
SES 3	-	-	-	-	-	-	-
SES 2	3	-	3	-	-	-	3
SES 1	7	-	7	-	-	-	7
EL 2	35	6	41	1	-	1	42
EL 1	72	17	89	5	2	7	96
APS 6	140	20	160	5	4	9	169
APS 5	54	4	58	8	1	9	67
APS 4	17	-	17	-	1	1	18
APS 3	2	1	3	-	-	-	3
APS 2	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL	330	48	378	19	8	27	405

Note: Figures are based on substantive classification as at 30 June 2020.

Australian Public Service Act Employees by Full-time and Part-time Status
Previous Report Period (2018-19)

	Ongoing			Non-ongoing			Total
	Fulltime	Part time	Total Ongoing	Fulltime	Part time	Total Non-Ongoing	
SES 3	-	-	-	-	-	-	-
SES 2	3	-	3	-	-	-	3
SES 1	7	-	7	1	-	1	8
EL 2	34	5	39	2	1	3	42
EL 1	60	17	77	3	2	5	82
APS 6	129	17	146	10	4	14	160
APS 5	53	3	56	7	-	7	63
APS 4	19	1	20	-	1	1	21
APS 3	2	1	3	-	-	-	3
APS 2	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL	307	44	351	23	8	31	382

Note: Figures are based on substantive classification as at 30 June 2019.

Australian Public Service Act Employment type by location
Current Report Period (2019-20)

	Ongoing	Non-ongoing	Total
NSW	152	13	165
QLD	21	1	22
SA	1	1	2
TAS	-	-	-
VIC	108	4	112
WA	4	-	4
ACT	86	8	94
NT	-	-	-
External Territories	-	-	-
O/S	6	-	6
TOTAL	378	27	405

Note: Figures are based on actual head counts of employees under sub sections 22(2)(a) and 22(2)(b) of the *Public Service Act 1999* and include staff on long-term leave but exclude irregular/ intermittent employees. The AUSTRAC CEO is not included in the table as the CEO is not engaged under section 22 or section 72.

Australian Public Service Act Employment type by location
 Previous Report Period (2018-19)

	Ongoing	Non-ongoing	Total
NSW	147	20	167
QLD	23	-	23
SA	-	1	1
TAS	-	-	-
VIC	93	6	99
WA	3	-	3
ACT	78	4	82
NT	-	-	-
External Territories	-	-	-
O/S	7	-	7
TOTAL	351	31	382

Australian Public Service Act Indigenous Employment
Current Report Period (2019-20)

	Total
Ongoing	1
Non-Ongoing	1
TOTAL	2

Australian Public Service Act Indigenous Employment
Previous Report Period (2018-19)

	Total
Ongoing	1
Non-Ongoing	-
TOTAL	1

Australian Public Service Act Employment arrangements
 Current Report Period (2019-20)

	SES	Non-SES	Total
S24(1) Determination	10	-	10
Individual Flexibility Arrangement	-	29	29
AUSTRAC Enterprise Agreement 2016-19	-	366	366
Total	10	395	405

Australian Public Service Act Employment salary ranges by classification level
(Minimum/Maximum) Current Report Period (2019-20)

	Minimum Salary (\$)	Maximum Salary (\$)
SES 3	-	-
SES 2	288,515	288,515
SES 1	231,151	231,151
EL 2	124,859	182,755
EL 1	107,122	143,899
APS 6	87,655	136,605
APS 5	78,231	85,772
APS 4	69,748	77,289
APS 3	63,148	68,804
APS 2	56,552	62,208
APS 1	49,956	54,668
Other	N/A	N/A

Note: This table outlines employee salary ranges as at 30 June 2020, including individual flexibility arrangements.
The minimum amount is the first pay point under the Enterprise Agreement.

Information about remuneration for key management personnel

Name	Position Title	Short-term Benefits		
		Base Salary (\$)	Bonuses (\$)	Other benefits and allowances (\$)
Nicole Rose	CEO	434,424.79	-	2,083.23
Peter Soros	DCEO	280,437.80	-	2,083.23
Christopher Collett	DCEO	297,392.84	-	2,083.23
John Moss	DCEO	304,271.62	-	8,142.57
Total		1,316,527.05	-	14,392.76

AUSTRAC Deputy CEOs have equal base salaries. Variations in the above totals reflect individual variations in leave taken, superannuation schemes and periods performing the duties of CEO.

CEO Remuneration is set by the Remuneration Tribunal (see Remuneration Tribunal Remuneration and Allowances for Holders of Full-time Public Office Determination 2018).

Post-employment	Other long-term Benefits		Termination Benefits	Total Remuneration
<i>Superannuation Contributions</i> (\$)	<i>Long Service Leave</i> (\$)	<i>Other long-term benefits</i> (\$)	(\$)	(\$)
21,140.36	11,869.35	-	-	469,517.73
54,051.32	7,227.69	-	-	343,800.03
44,705.95	7,227.69	-	-	351,409.71
44,646.41	7,227.69	-	-	364,288.29
164,544.04	33,552.42	-	-	1,529,015.77

Information about remuneration for senior executives

Remuneration Band	Short-term Benefits			
	<i>Number of Senior Executives</i>	<i>Average Base Salary (\$)</i>	<i>Average Bonuses (\$)</i>	<i>Average Other benefits and allowances (\$)</i>
\$0 - \$220,000	0	0	0	0
\$220,001 - \$245,000	1	181,420.20	0	0
\$245,001 - \$270,000	0	0	0	0
\$270,001 - \$295,000	5	233,799.16	0	4,153.55
\$295,001 - \$320,000	1	256,266.01	0	6,059.34

Post-employment	Other long-term Benefits		Termination Benefits	Total Remuneration
<i>Average Superannuation Contributions (\$)</i>	<i>Average Long Service Leave (\$)</i>	<i>Average Other long-term benefits (\$)</i>	<i>Average Termination Benefits (\$)</i>	<i>Average Total Remuneration (\$)</i>
0	0	0	0	0
43,671.76	5,778.78	0	0	230,870.74
0	0	0	0	0
39,639.20	5,790.64	0	0	283,382.55
39,225.33	5,790.64	0	0	307,341.32

Information about remuneration for other highly paid staff

Remuneration Band	Short-term Benefits			
	<i>Number of other highly paid staff</i>	<i>Average Base Salary (\$)</i>	<i>Average Bonuses (\$)</i>	<i>Average Other benefits and allowances (\$)</i>
\$225,001 - \$245,000	2	153,166.65	0	77,489.54
\$245,001 - \$270,000	1	210,366.18	0	22,595.86
\$270,001 - \$295,000	1	155,395.68	0	117,381.57
\$295,001 - \$320,000	1	227,078.11	0	104,871.92
\$320,001 - \$345,000	1	231,240.76	0	140,192.25
\$345,001 - \$370,000	1	248,355.47	0	168,866.94

Post-employment	Other long-term Benefits		Termination Benefits	Total Remuneration
<i>Average Superannuation Contributions (\$)</i>	<i>Average Long Service Leave (\$)</i>	<i>Average Other long-term benefits (\$)</i>	<i>Average Termination Benefits (\$)</i>	<i>Average Total Remuneration (\$)</i>
15,448.73	2,652.99	0	0	248,757.90
35,228.97	3,688.03	0	0	271,879.03
21,606.72	2,866.15	0	0	297,250.12
22,328.24	2,968.13	0	0	357,246.39
25,350.93	3,054.99	0	0	399,838.92
26,242.41	3,588.98	0	0	447,053.81

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REPORT ON
FINANCIAL PERFORMANCE

2019-20 Financial Performance

A copy of AUSTRAC's audited financial statements and the Auditor-General's report are included on [page 123](#).

Our financial statements have been prepared on an accrual basis in accordance with the Financial Reporting Rule and Australian Accounting Standards. As in previous years, the Statement of Comprehensive Income relates to items of revenue and expenses where we are directly responsible for their administration and management.

In 2019–20 we produced a net operating loss of **\$7.8 million**, compared with a net operating loss of **\$5.4 million** in 2018–19. The net operating loss includes **\$6.8 million** of unfunded depreciation and amortisation expenses.

Total revenue for 2019–20 was **\$81.0 million**: a **\$4.7 million** increase over the previous year.

Our financial position at 30 June 2020 is shown in the Statement of Financial Position. This takes into account movements in assets, liabilities and equity. Total equity has increased to **\$40.0 million** (2018–19: \$35.0 million).

Events occurring after balance date

No significant events occurred after balance date that would have an effect on our ongoing structure and financial activities.

Agency resource statements 2019-20

	Actual available appropriations for 2019-20	Payments Made 2019-20	Balance Remaining
	\$	\$	\$
	(a)	(b)	(a+b)
Ordinary Annual Services			
Prior year appropriation ^{1&2}	21,817,987	(21,517,524)	300,463
Departmental appropriation ^{3&4}	75,343,000	(51,994,233)	23,348,767
Section 74 Agency receipts per 2019-20 Portfolio Budget Statements	5,592,000	(5,592,000)	-
Additional section 74 receipts	6,574,352	(6,574,352)	-
Total	109,327,339	(85,678,110)	23,649,230
Total ordinary annual services	109,327,339	(85,678,110)	23,649,230
Departmental non-operating			
Equity injections	4,439,000	-	4,439,000
Previous years inputs	5,329,833	(3,827,497)	1,502,336
Total	9,768,833	(3,827,497)	5,941,336
Total Resourcing and Payments	119,096,173	(89,505,607)	29,590,566

1 Appropriation Act No.1 2018-19

2 Appropriation Act No.1 DCB 2018-19 carry forward \$300,463

3 Appropriation Act No.1 2019-20

4 Appropriation Act No.1 DCB 2019-20

Expenses and Resources for Outcome for 2019-20

Outcome 1: The protection of the financial system from criminal abuse through actionable financial intelligence and collaboration with domestic and international partners.

	Budget 2019-20 \$ '000	Actual expenses 2019-20 \$ '000	Variation \$ '000
	(a)	(b)	(a-b)
Administered expenses			
Expenses not requiring appropriation in the Budget year	-	37	(37)
Departmental expenses			
Ordinary annual services (Appropriation Bill No.1)	72,678	83,087	(10,409)
Revenues from independent sources (section 74)	5,592	8,695	(3,103)
Expenses not requiring appropriation in the Budget year	6,117	6,798	(681)
Subtotal for Outcome 1	84,387	98,617	(14,230)
Total for Outcome 1			
Departmental	84,387	98,580	(14,193)
Administered		37	(37)
		2019-20	2018-19
Average staffing level (number)		381	336

Financial Statements

Auditors report

Certification

Primary financial statement

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Cash Flow Statement
- Administered Schedule of Comprehensive Income
- Administered Schedule of Assets and Liabilities
- Administered Reconciliation Schedule
- Administered Cash Flow Statement

Overview

Notes to the financial statements:

Transitional Disclosure AASB15

1. Departmental Financial Performance

- 1.1 Expenses
 - 1.1A Employee Benefits
 - 1.1B Suppliers

2. Departmental Financial Position

- 2.1 Financial Assets
 - 2.1A Cash and Cash Equivalents
 - 2.1B Trade and Other Receivables
- 2.2 Non-Financial Assets
 - 2.2A Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles
- 2.3 Payables
 - 2.3A Suppliers
 - 2.3B Other Payables
- 2.4 Other Provisions
- 2.5 Interest Bearing Liabilities

3. Funding

- 3.1 Appropriations
 - 3.1A Annual Appropriations ('Recoverable GST exclusive')
 - 3.1B Unspent Departmental Annual Appropriations ('Recoverable GST exclusive')
 - 3.1C Special Appropriations ('Recoverable GST exclusive')
- 3.2 Net Cash Appropriation Arrangements

4. People and relationships

- 4.1 Employee Provisions
- 4.2 Key Management Personnel Remuneration
- 4.3 Related Party Disclosures

5. Managing uncertainties

- 5.1 Contingent Assets and Liabilities
- 5.2 Categories of Financial Instruments

6. Other

- Aggregate assets and liabilities



INDEPENDENT AUDITOR'S REPORT

To the Minister for Home Affairs

Opinion

In my opinion, the financial statements of the Australian Transaction Reports and Analysis Centre (the Entity) for the year ended 30 June 2020:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2020 and for the year then ended:

- Statement by the Chief Executive Officer and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Cash Flow Statement;
- Administered Reconciliation Schedule; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) to the extent that they are not in conflict with the Auditor-General Act 1997. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result

of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

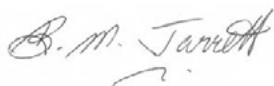
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Brandon Jarrett

Senior Executive Director

Delegate of the Auditor-General

Canberra

7 September 2020

STATEMENT BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement there are reasonable grounds to believe that the Australian Transaction Reports and Analysis Centre will be able to pay its debts as and when they fall due.


Signed



Nicole Rose PSM
Chief Executive Officer

7 September 2020

Signed



Ben Skaines
Chief Finance Officer

7 September 2020

Australian Transaction Reports and Analysis Centre
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2020

	Notes	2020 S'000	2019 S'000	Original Budget S'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	51,970	45,396	50,054
Suppliers	1.1B	24,699	30,995	28,376
Grants - universities		10	40	-
Depreciation and amortisation ¹		12,206	5,431	6,117
Losses from asset sales and disposals		679	20	-
Interest on lease liabilities ¹		321	-	-
Impairment loss on financial instruments		-	12	-
Total expenses		89,885	81,894	84,547
Own-Source Income				
Own-source revenue				
Rendering of services		8,523	7,788	5,592
Remuneration of auditors		160	135	160
Impairment gain on financial instruments		12	-	-
Total own-source revenue		8,695	7,923	5,752
Net (cost of) services		(81,190)	(73,971)	(78,795)
Revenue from Government - departmental appropriation		72,309	68,413	72,678
Surplus/(Deficit) attributable to the Australian Government		(8,881)	(5,558)	(6,117)
OTHER COMPREHENSIVE INCOME				
Transfers between equity components		1,866	148	-
Adjustments in asset revaluation reserve		(819)	-	-
Total other income (loss)		1,047	148	-
Total comprehensive income/(loss) attributable to the Australian Government		(7,834)	(5,410)	(6,117)

¹AUSTRAC has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117. AUSTRAC has short-term lease commitments of \$215,000 as at 30 June 2020.

The above lease disclosures should be read in conjunction with the accompanying note 2.2A

The above statement should be read in conjunction with the accompanying notes.

Budget Variances Commentary

Statement of Comprehensive Income

The variance in Employee benefits is a result of staffing numbers increasing due to the ramping up of resourcing for new measures announced in prior year budgets and associated staffing expenses relating to increased activity funded from increases in Own Source Revenue (Section 74 agreements).

The variance in Suppliers expenses is due to 3 main factors:

- a lower than expected utilisation of contractors, as well as higher than budgeted levels of contractor labour capitalisation;
- the change in leasing standard where all lease costs were previously categorised as suppliers;
- the Covid-19 pandemic caused a substantial reduction in travel.

The variance in depreciation and amortisation is due to the transition to the *AASB16 Leases* standard which was effective from 1 January 2019. The budget estimates were updated to reflect this standard in the subsequent budget rounds.

The variance in Own Source Income - Rendering of services is due to higher than budgeted receipts from partner agencies requesting additional services from AUSTRAC, and new agreements entered into subsequent to the finalisation of the budget.

Australian Transaction Reports and Analysis Centre
STATEMENT OF FINANCIAL POSITION
as at 30 June 2020

	Notes	2020 S'000	2019 S'000	Original Budget S'000
ASSETS				
Financial Assets				
Cash and cash equivalents	2.1A	815	2,374	1,859
Trade and other receivables	2.1B	29,312	25,535	20,754
Total financial assets		30,127	27,909	22,613
Non-Financial Assets¹				
Leasehold improvements	2.2A	5,074	6,271	-
Property, plant and equipment	2.2A	6,253	5,857	7,362
Buildings	2.2A	25,955	-	-
Intangibles	2.2A	16,386	15,853	25,269
Prepayments		2,223	3,000	2,172
Total non-financial assets		55,891	30,981	34,803
Total assets		86,018	58,890	57,416
LIABILITIES				
Payables				
Suppliers	2.3A	2,111	6,248	9,448
Other payables	2.3B	3,241	4,711	1,789
Total payables		5,352	10,959	11,237
Provisions				
Employee provisions	4.1	14,163	12,834	10,385
Other provisions	2.4	-	54	448
Total provisions		14,163	12,888	10,833
Interest bearing liabilities				
Leases ¹	2.5	26,540	-	-
Total interest bearing liabilities		26,540	-	-
Total liabilities		46,055	23,847	22,070
Net assets		39,963	35,043	35,346
EQUITY				
Contributed equity		104,913	97,440	104,928
Reserves		1,738	2,785	2,932
Retained surplus (accumulated deficit)		(66,688)	(65,182)	(72,514)
Total Equity		39,963	35,043	35,346

The above statement should be read in conjunction with the accompanying notes.

¹ AUSTRAC has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Budget Variances Commentary

Statement of Financial Position

The variance in Trade and other receivables mainly relates to appropriations receivable retained (unspent) at year-end. These appropriations have been retained due to delays in certain capital projects and a general decrease in activities caused by the Covid-19 pandemic.

The variance in Intangibles and Property, plant and equipment is due to the delays encountered in various capital projects that were expected to be completed during 2019-20. The variance in Buildings is due to the recognition of Building assets due to the transition to the AASB 16 Leases standard which was effective from 1 July 2019. The budget estimates were updated to reflect this standard in the subsequent budget rounds.

Australian Transaction Reports and Analysis Centre
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2020

	2020 \$'000	2019 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	97,440	87,094	97,440
Adjusted opening balance	97,440	87,094	97,440
Transactions with owners			
Contributions by owners			
Equity injection - appropriations	4,439	7,300	4,439
Departmental capital budget	3,034	3,046	3,049
Total transactions with owners	7,473	10,346	7,488
Closing balance as at 30 June	104,913	97,440	104,928
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	(65,182)	(59,772)	(66,397)
Adjustment on initial application of AASB 15/AASB 1058	(426)	-	-
Adjustment on initial application of AASB 16	5,935	-	-
Adjusted opening balance	(59,673)	(59,772)	(66,397)
Comprehensive income			
Surplus/(Deficit) for the period	(8,881)	(5,558)	(6,117)
Total comprehensive income	(8,881)	(5,558)	(6,117)
Transfers between equity components	1,866	148	-
Closing balance as at 30 June	(66,688)	(65,182)	(72,514)
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	2,785	2,933	2,932
Adjusted opening balance	2,785	2,933	2,932
Transfers between equity components	(1,866)	(148)	-
Adjustments in asset revaluation reserve	819	-	-
Closing balance as at 30 June	1,738	2,785	2,932

Australian Transaction Reports and Analysis Centre
STATEMENT OF CHANGES IN EQUITY (continued)
for the period ended 30 June 2020

	2020	2019	Original Budget
	\$'000	\$'000	\$'000
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	35,043	30,255	33,975
Adjustment for changes in accounting policies	5,509	-	-
Adjusted opening balance	40,552	30,255	33,975
Comprehensive income			
Surplus/(Deficit) for the period	(8,881)	(5,558)	(6,117)
Total comprehensive income	(8,881)	(5,558)	(6,117)
Transactions with owners			
Contributions by owners			
Equity injection			
Equity injection - appropriations	4,439	7,300	4,439
Departmental capital budget	3,034	3,046	3,049
Total transactions with owners	7,473	10,346	7,488
Adjustments in asset revaluation reserve	819	-	-
Closing balance as at 30 June	39,963	35,043	35,346

The above statement should be read in conjunction with the accompanying notes.

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Budget Variances Commentary

Statement of Changes in Equity

The variance in retained earnings is due to the recognition of the operating result for the year and is in line with the commentary for the statement of comprehensive income.

Australian Transaction Reports and Analysis Centre

CASH FLOW STATEMENT

for the period ended 30 June 2020

	2020	2019	Original Budget
Notes	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	69,302	65,692	72,678
Rendering of services	9,842	10,515	5,592
GST received	3,113	3,245	2,200
Total cash received	82,257	79,452	80,470
Cash used			
Employees	50,186	43,258	50,054
Suppliers	30,578	35,740	28,216
GST paid	25	14	2,200
Interest payments on lease liabilities	321	-	-
Total cash used	81,110	79,012	80,470
Net cash from/(used by) operating activities	1,147	440	-
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	2,617	3,109	9,488
Purchase of internally developed software	3,773	3,291	-
Total cash used	6,390	6,400	9,488
Net cash (used by) investing activities	(6,390)	(6,400)	(9,488)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	8,507	6,475	9,488
Total cash received	8,507	6,475	9,488
Cash used			
Principal payments of lease liabilities	4,823	-	-
Total cash used	(4,823)	-	-
Net cash from financing activities	3,684	6,475	9,488
Net (decrease)/increase in cash held	(1,559)	515	-
Cash and cash equivalents at the beginning of the reporting period	2,374	1,859	1,859
Cash and cash equivalents at the end of the reporting period	815	2,374	1,859

The above statement should be read in conjunction with the accompanying notes.

Budget Variances Commentary

Cash Flow Statement

Commentary on the major variances between the actual and original budgeted amounts for 2019-20 is provided in the Statement of Comprehensive Income and the Statement of Financial Position.

Australian Transaction Reports and Analysis Centre

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

for the period ended 30 June 2020

	2020	2019	Original Budget
	\$'000	\$'000	\$'000
EXPENSES			
Impairment of receivables	-	5	-
Waivers	498	540	-
Total expenses	498	545	-
LESS:			
Non-taxation revenue			
Industry contribution levies	79,008	75,584	78,795
Fines	343	188	100
Total non-taxation revenue	79,351	75,772	78,895
Total revenue	79,351	75,772	78,895
Total income	79,351	75,772	78,895
Net contribution by services	78,853	75,227	78,895
Surplus	78,853	75,227	78,895

This schedule should be read in conjunction with the accompanying notes.

Budget Variances Commentary**Schedule of Administrative Comprehensive Income**

The variance from budget in collections is a result of additional entities being invoiced for amended transaction data.

The variance from budget in fines is a result of increased compliance action.

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES

as at 30 June 2020

	2020	2019	Original Budget
	\$'000	\$'000	\$'000
Assets administered on behalf of Government			
Financial assets			
Cash and cash equivalents	-	-	1
Other receivables	291	-	-
Total financial assets	291	-	1
Total assets administered on behalf of Government	291	-	1

This schedule should be read in conjunction with the accompanying notes.

Administered Schedule of Liabilities

As at 30 June 2020, there are nil liabilities administered on behalf of Government (2019: Nil).

Australian Transaction Reports and Analysis Centre

ADMINISTERED RECONCILIATION SCHEDULE

for the period ended 30 June 2020

	2020	2019
	\$'000	\$'000
Opening assets less liabilities as at 1 July	-	700,001
Surplus items:		
Net cost of services	78,853	75,227
Administered transfers to/from Australian Government:		
Special appropriation (unlimited)	37	87
Transfers to Official Public Account	(78,599)	(775,315)
Closing administered assets less administered liabilities as at 30 June	291	-

This schedule should be read in conjunction with the accompanying notes.

ADMINISTERED CASH FLOW STATEMENT

for the period ended 30 June 2020

	2020	2019	Original Budget
	\$'000	\$'000	\$'000
Administered Cash Flows			
OPERATING ACTIVITIES			
Cash received			
Fees and levies	78,256	75,128	78,795
Fines	343	700,187	100
Total Cash received	78,599	775,315	78,895
Cash used			
Refunds of fees and levies	(37)	(87)	-
Total cash used	(37)	(87)	-
Net cash flows from (used by) operating activities	78,562	775,228	78,895
Net increase in Cash Held	78,562	775,228	78,895
Cash and cash equivalents at the beginning of the reporting period	-	-	-
Cash from the Official Public Account for:			
Special appropriation (unlimited)	37	87	-
Cash to Official Public Account for:			
Administered receipts	(78,599)	(775,315)	(78,895)
	(78,562)	(775,228)	(78,895)
Cash and cash equivalents at the end of the reporting period	-	-	-

This schedule should be read in conjunction with the accompanying notes.

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

Administered revenue collected by AUSTRAC is for use by the Government.

Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government.

These transfers to and from the OPA are adjustments to the administered cash held by AUSTRAC on behalf of the Government and are reported as such in the schedule of administered cash flows.

OVERVIEW

Objectives of AUSTRAC

The Australian Transaction Reports and Analysis Centre (AUSTRAC) is a non-corporate Commonwealth entity, controlled by the Australian Government.

AUSTRAC is Australia's financial intelligence unit and anti-money laundering and counter-terrorism financing (AML/CTF) regulator. AUSTRAC's purpose is to build resilience in the financial system and use financial intelligence and regulation to disrupt money laundering, terrorism financing and other serious crime.

AUSTRAC is structured to the following outcome: The protection of the financial system from criminal abuse through actionable financial intelligence and collaboration with domestic and international partners.

AUSTRAC activities contributing toward this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by AUSTRAC in its own right. Administered activities involve the management or oversight by AUSTRAC, on behalf of the Government, of items controlled or incurred by the Government.

Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to AUSTRAC or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Significant Accounting Judgements and Estimates

No accounting assumptions and estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

New Accounting Standards

Prior to the signing of the Statements by the Chief Executive Officer and Chief Finance Officer, 2 new standards, AASB 16 and AASB 15, were applied in the current reporting period and had a material effect on AUSTRAC's financial statements.

AASB 15, AASB 16, AASB 2016-8 and AASB 1058 became effective 1 July 2019.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance AASB 118. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of AASB 1004 Contributions and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.

AASB 15 was adopted using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2020 is not restated, that is, it is presented as previously reported under the various applicable AASBs and related interpretations.

Under the new income recognition model AUSTRAC shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), AUSTRAC applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, AUSTRAC shall consider whether AASB 1058 applies.

In relation to AASB 15, AUSTRAC elected to apply the new standard to contracts from the date of initial application. AUSTRAC is required to aggregate the effect of all of the contract modifications that occur before the date of initial application.

The table below shows amounts prepared under AASB 15:

Impact on transition

The impact on transition is summarised below:

Departmental	1 July 2019
	\$'000
Liabilities	
Contract liabilities	426
Total liabilities	426
Total adjustment recognised in retained earnings	426

AUSTRAC adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2020 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

AUSTRAC elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. AUSTRAC applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date;
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 Impairment of assets as at the date of initial application; and
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, AUSTRAC previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, AUSTRAC recognises right-of-use assets and lease liabilities for most leases. However, AUSTRAC has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, AUSTRAC recognised right-of-use assets and lease liabilities in relation to leases of office space, heavy equipment and automobiles, which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Australian Governments incremental borrowing rate as at 1 July 2019. The incremental borrowing rate is issued by the Department of Finance on a quarterly basis and the rate preceding the lease commencement date is used.

The right-of-use assets were measured as follows:

- Office space: measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.
- All other leases: the carrying value that would have resulted from AASB 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.

Impact on transition

On transition to AASB 16, AUSTRAC recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	1 July 2019
Departmental	\$'000
Right-of-use assets - property, plant and equipment	31,363
Lease liabilities	31,363
Retained earnings	5,935

The following table reconciles the Departmental minimum lease commitments disclosed in AUSTRAC's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019
	\$'000
Minimum operating lease commitment at 30 June 2019	27,167
Plus: effect of extension options reasonably certain to be exercised	5,604
Undiscounted lease payments	<u>32,771</u>
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	1,408
Lease liabilities recognised at 1 July 2019	<u>31,363</u>

Taxation

AUSTRAC is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Events after the reporting period

There were no events occurring after balance date that had a material effect on the Departmental or Administered financial statements.

Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the schedule of administered items and related notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Impacts of COVID 19

The spread of novel coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid rise of the virus has seen an unprecedented global response by Governments, regulators and industry sectors. The Australian Federal Government enacted its emergency plan on 29 February 2020 which has seen the closure of Australian borders from 20 March, an increasing level of restrictions on corporate Australia's ability to operate, significant volatility and instability in financial markets and the release of a number of government stimulus packages to support individuals and businesses as the Australian and global economies face significant slowdowns and uncertainties.

For the year ended 30 June 2020, COVID-19 has had an immaterial impact on AUSTRAC's financial statements. AUSTRAC has reviewed its Portfolio Budget Statements and based on these forecasts over the forward estimates, AUSTRAC believes that it remains appropriate to prepare the financial statements on a going concern basis and have a reasonable expectation that AUSTRAC will comply with all financial requirements during the next twelve months.

1. DEPARTMENTAL FINANCIAL PERFORMANCE

This section analyses AUSTRAC's financial performance for the year ended 30 June 2020

1.1 Expenses

	2020	2019
	\$'000	\$'000
1.1A Employee Benefits		
Wages and salaries	37,338	32,217
Superannuation:		
Defined contribution plans	5,414	1,646
Defined benefit plans	1,749	4,315
Leave and other entitlements	6,107	6,194
Separation and redundancies	431	761
Other	931	263
Total employee benefits	51,970	45,396

Accounting Policy

Accounting policies for employee related expenses are contained in the People and Relationships section.

1.1B Suppliers

Goods and services

Contracted services - contractors	7,444	7,032
Contracted services - consultants	4,994	3,926
IT maintenance	3,682	3,368
Travel	2,950	4,716
Property and office maintenance	2,495	2,718
Telecommunications	1,190	1,061
Other	1,530	2,933
Total goods and services	24,285	25,754

Goods and services are made up of:

Goods supplied	1,568	2,134
Services rendered	22,717	23,620
Total goods and services supplied or rendered	24,285	25,754

Other supplier expenses

Workers compensation expenses	97	106
Operating lease rentals ¹	-	5,135
Short term lease rentals	317	-
Total other suppliers	414	5,241
Total suppliers	24,699	30,995

¹ AUSTRAC has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

AUSTRAC has short-term lease commitments of \$215,000 as at 30 June 2020.

The above lease disclosures should be read in conjunction with the accompanying notes 2.2A.

Accounting Policy

Short-term leases and leases of low-value assets

AUSTRAC has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). AUSTRAC recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. DEPARTMENTAL FINANCIAL POSITION

This section analyses AUSTRAC's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

	2020 \$'000	2019 \$'000
2.1A Cash and Cash Equivalents		
Cash on hand or on deposit	815	2,374
Total cash and cash equivalents	815	2,374
2.1B Trade and Other Receivables		
Goods and services	170	408
Total receivables for goods and services	170	408
Appropriations receivable:		
Receivables from existing programs	28,776	24,502
Total appropriations receivable	28,776	24,502
Other receivables:		
GST receivable from the Australian Taxation Office	366	637
Total other receivables	366	637
Total trade and other receivables (gross)	29,312	25,547
Less impairment loss allowance	-	(12)
Total trade and other receivables (net)	29,312	25,535
Receivables are expected to be recovered in:		
No more than 12 months	29,312	25,535
Total trade and other receivables (net)	29,312	25,535

Financial assets were assessed for impairment in accordance with the impairment policy stated below. No indicators of impairment were identified at 30 June 2020.

Accounting Policy

Financial assets

Financial assets are classified as loans and receivables and are assessed for impairment at the end of each reporting period. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date and are assessed for impairment at the end of each reporting period. AASB 9 classification treatment has not materially changed the impairment of receivables. Under AASB 9 nil impairment 2020 (2019 losses were \$0.012 million).

Loans and Receivables

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through the statement of comprehensive income.

2.2 Non-Financial Assets

2.2A Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

	Leasehold improvements \$'000	Buildings \$'000	Property, plant and equipment \$'000	Intangibles ¹ \$'000	Total \$'000
As at 1 July 2019					
Gross book value	8,887	-	19,641	28,036	56,564
Accumulated depreciation and impairment	(2,616)	-	(13,784)	(12,183)	(28,583)
Total as at 1 July 2019	6,271	-	5,857	15,853	27,981
Recognition of right of use asset on initial application of AASB 16 ²	-	31,363	-	-	31,363
Adjusted total as at 1 July 2019	6,271	31,363	5,857	15,853	59,344
Additions					
By purchase	409	-	2,208	38	2,655
Internally developed	-	-	-	3,735	3,735
Depreciation expense	(927)	-	(2,246)	(3,624)	(6,797)
Asset cost on assets disposed	(187)	-	(2,502)	-	(2,689)
Accumulated depreciation on assets disposed	187	-	2,502	-	2,689
Depreciation on right-of-use assets	-	(5,408)	-	-	(5,408)
Asset devaluation recognised as expense in Statement of Comprehensive Income	(679)	-	-	-	(679)
Net Revaluation Increments / (Decrements):	-	-	434	384	818
Total as at 30 June 2020	5,074	25,955	6,253	16,386	53,668
Totals as at 30 June 2020 are represented by:					
Gross book value	8,430	31,363	19,781	32,193	91,767
Accumulated depreciation and impairment	(3,356)	(5,408)	(13,528)	(15,807)	(38,099)
Total as at 30 June 2020	5,074	25,955	6,253	16,386	53,668

¹ AUSTRAC has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 11¹.

² The carrying amount of intangibles comprises additions of \$3.735 million of internally generated software (2019: \$2.791 million).

Revaluations of non-financial assets

All revaluations are conducted in accordance with the revaluation policy stated below. Leasehold improvements were revalued 30 June 2020 with a revaluation decrement of \$0.679 million (2019: Nil) included in other comprehensive income. Property plant and equipment was revalued in 2020 with a revaluation increment of \$0.434 million (2019: Nil) credited to the Asset Revaluation Reserve. Intangible assets were revalued in 2020 with a revaluation increment of \$0.384 million (2019: Nil) credited to the Asset Revaluation Reserve.

Contractual commitments for the acquisition of property, plant, equipment and intangible assets

Contractual commitments for the acquisition of intangible assets includes \$0.550 million (inclusive of GST) over 1 year for a software supplier (2019: \$1.000 million inclusive of GST).

Accounting Policy

Assets are recorded at cost of acquisition, except where stated below.

The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by AUSTRAC where there exists an obligation to restore the property back to its original condition. These costs are included in the value of leasehold improvements with a corresponding recognition of a provision for restoration obligation.

Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 AUSTRAC has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any ROU lease asset that shows indicators of impairment and an impairment loss is recognised against any ROU lease asset that is impaired.

Revaluations

Fair values for each class of asset are determined as shown below:

Asset class	Fair value measured at
Leasehold improvements	Current replacement cost, adjusted for obsolescence
Property, plant and equipment	Current replacement cost, adjusted for obsolescence

AUSTRAC has assessed a three year update is appropriate to meet this requirement.

Following initial recognition at cost, items of property, plant and equipment are carried at fair value (or an amount not materially different to fair value) less subsequent accumulated depreciation and accumulated impairment losses. Independent valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets fair values as at the reporting date. The frequency of independent valuations is dependent upon the volatility of movements in market values for relevant assets.

The most recent independent valuation was conducted during May 2020 for a valuation date 30 June 2020.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount. Depreciation is recalculated over the remaining estimated useful life of the asset on a straight line basis.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to AUSTRAC using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Asset class	2020	2019
Leasehold improvements	Lease term	Lease term
Property, plant and equipment	3 to 10 years from date of purchase	3 to 10 years from date of purchase

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Impairment

All assets were assessed for indications of impairment at 30 June 2020. Where indications of impairment exist, the recoverable amount of the asset is estimated and an impairment adjustment made if the recoverable amount is less than the carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

Intangibles

AUSTRAC's intangibles comprise purchased and internally developed software for internal use. These assets have been revalued at 30 June 2020.

Software is amortised on a straight line basis over its anticipated useful life. The useful lives of AUSTRAC's software are 1 to 10 years (2018-19 1 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2020.

2.3 Payables

	2020 \$'000	2019 \$'000
2.3A Suppliers		
Trade creditors and accruals	2,111	6,248
Total suppliers	<u>2,111</u>	<u>6,248</u>

Supplier payables are made within 20 days (2019: 30 days).

2.3B Other Payables

Contract liabilities ¹	2,150	-
Salaries and wages	840	507
Superannuation	124	57
Lease incentives ²	-	4,074
Other	127	73
Total other payables	<u>3,241</u>	<u>4,711</u>

¹ Contract liabilities are recognised under AASB15 or carried forward under Section 74.

² AUSTRAC has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

2.4 Other Provisions

Provision for contracted services	-	54
Total other provisions	<u>-</u>	<u>54</u>

Total as at 1 July 2019	54
Amounts Used	(54)
Total as at 30 June 2020	<u>-</u>

	2020	2019
	\$'000	\$'000

2.5 Interest Bearing Liabilities

Leases

Lease Liabilities ¹	<u>26,540</u>	<u>-</u>
Total leases	<u>26,540</u>	<u>-</u>

1. AUSTRAC has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Total cash outflow for leases for the year ended 30 June 2020 was \$5.145 million.

3. FUNDING

This section identifies AUSTRAC's funding structure.

3.1 Appropriations

Transitional disclosure

3.1A Annual Appropriations ('Recoverable GST exclusive')

2020 Annual Appropriations					
	Annual Appropriation ^{1,3} \$'000	Adjustment to Appropriations ² \$'000	Total Appropriation \$'000	Appropriation applied in 2020 (current and prior years) \$'000	Variance ^{4,5} \$'000
DEPARTMENTAL					
Ordinary annual services	72,309	12,166	84,475	83,299	1,176
Capital budget ³	3,034	-	3,034	2,379	655
Other services					
Equity	4,439	-	4,439	3,827	612
Total departmental	79,782	12,166	91,948	89,505	2,443

¹ In 2019-20 there were no adjustments that met the recognition criteria of a formal reduction in revenue (2019: Nil).

² Section 74 increase in revenue \$12.166 million (2019: \$10.568 million).

³ Departmental capital budgets are appropriated through Appropriation Acts (No1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

⁴ The variance relates to appropriation drawn down in the prior year and cash balances on hand at year end. For further details, please see the budget commentary on the Statement of Comprehensive Income.

⁵ The equity variance relates to planned project expenditure that had not been made at balance date.

2019 Annual Appropriations					
	Annual Appropriation ^{1,3} \$'000	Adjustment to Appropriations ² \$'000	Total Appropriation \$'000	Appropriation applied in 2019 (current and prior years) \$'000	Variance ^{4,5} \$'000
DEPARTMENTAL					
Ordinary annual services	68,413	10,568	78,981	72,936	6,045
Capital budget ³	3,046	-	3,046	3,067	(21)
Other services					
Equity	7,300	-	7,300	3,408	3,892
Total departmental	78,759	10,568	89,327	79,411	9,916

¹ In 2018-19 there were no adjustments that met the recognition criteria of a formal reduction in revenue (2018: Nil).

² Section 74 increase in revenue \$10.568 million (2018: \$6.964 million).

³ Departmental capital budgets are appropriated through Appropriation Acts (No1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

⁴ Refer to the Statement of Financial Position budget variances commentary

⁵ The equity variance relates to planned project expenditure that had not been made at balance date.

3.1B Unspent Departmental Annual Appropriations ('Recoverable GST exclusive')

	2020	2019
	\$'000	\$'000
<i>Appropriation Act No.1 2016-17¹</i>		7
<i>Appropriation Act No.1 2018-19 Cash at bank and on hand</i>		2,374
<i>Appropriation Act No.1 2018-19</i>		16,493
<i>Appropriation Act No.1 2018-19 Departmental Capital Budget</i>	300	2,679
<i>Appropriation Act No.2 2018-19</i>	1,502	5,330
<i>Appropriation Act No.1 2019-20 Cash at bank and on hand</i>	815	
<i>Appropriation Act No.1 2019-20</i>	19,500	
<i>Appropriation Act No.1 2019-20 Departmental Capital Budget</i>	3,034	
<i>Appropriation Act No.2 2019-20</i>	4,439	
Total	29,590	26,883

¹ The full amount of this balance is quarantined under *Appropriation Act No 1 2016-17*. The 2019-20 appropriation acts are not affected by any quarantine arrangements.

3.1C Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2020	2019
			\$'000	\$'000
Section 77, <i>Public Governance, Performance and Accountability Act 2013</i>	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment	37	87
Total special appropriations applied			37	87

3.2 Net Cash Appropriation Arrangements

	2020	2019
	<u>\$'000</u>	<u>\$'000</u>
Total comprehensive income/(loss) less depreciation and amortisation expenses previously funded through revenue appropriations	3,061	21
Less: depreciation/amortisation expenses previously funded through revenue appropriation	(12,206)	(5,431)
Plus: depreciation right-of-use assets	5,409	-
Less: principal repayments - leased assets	(5,145)	-
Total comprehensive income/(loss) - as per Statement of Comprehensive Income	<u>(8,881)</u>	<u>(5,410)</u>

4. PEOPLE AND RELATIONSHIPS

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

	2020	2019
	\$'000	\$'000
4.1 Employee Provisions		
Leave	<u>14,163</u>	<u>12,834</u>
Total employee provisions	<u>14,163</u>	<u>12,834</u>
Employee provisions are expected to be settled in:		
No more than 12 months	<u>12,561</u>	10,843
More than 12 months	<u>1,602</u>	1,991
Total employee provisions	<u>14,163</u>	<u>12,834</u>

Accounting Policy

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as the net total of the present value of the defined benefit obligation at the end of the reporting period.

Leave

The liability for employee benefits includes provisions for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of AUSTRAC is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including AUSTRAC's employer superannuation contribution rates and other employee benefits to the extent that the leave is likely to be taken during service rather than paid out on termination. Leave provisions are disclosed as being settled in more than 12 months as AUSTRAC does not expect all leave for all employees to be used wholly within 12 months of the end of the reporting period.

The liability for long service leave is the present value of employee entitlements based on the Australian Government shorthand method as per the FRR. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

The majority of AUSTRAC's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap). A small number of staff are members of employee nominated superannuation funds, as allowed under AUSTRAC's enterprise agreement.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap and other employee nominated superannuation funds are defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance administered schedules and notes.

AUSTRAC makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. AUSTRAC accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June 2020 represents outstanding contributions for the final fortnight of the year.

4.2 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of AUSTRAC, directly or indirectly. AUSTRAC has determined the key management personnel to be the Minister for Home Affairs, the Chief Executive Officer and the three Deputy Chief Executive Officers.

Key management personnel remuneration is reported in the table below. Remuneration excludes the remuneration and other benefits of the Minister for Home Affairs and the Minister for Law Enforcement and Cyber Security. The Portfolio Ministers' remuneration and other benefits are set by the Remuneration Tribunal and are not paid by AUSTRAC.

	2020	2019
	\$	\$
Short-term employee benefits	1,330,919	1,366,768
Post-employment benefits	164,544	163,027
Other long-term employee benefits	33,552	32,015
Total key management personnel remuneration expenses	<u>1,529,015</u>	<u>1,561,810</u>

The total number of key management personnel included in the above table is 4 (2019: 4).

4.3 Related Party Disclosures

Related party relationships:

AUSTRAC is an Australian Government controlled entity. Related parties to AUSTRAC are key management personnel, including the Portfolio Minister and Executive, and other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

The following transactions with related parties occurred during the financial year:

- AUSTRAC transacts with other Australian Government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including the payment of workers compensation, insurance premiums, vetting and legal services.
- AUSTRAC transacts with other Australian Government controlled entities for the provision of fee based services to or on behalf of those entities. Such services are provided under normal terms and conditions and are not considered individually significant to warrant separate disclosure as related party transactions.
- No key management personnel (KMP) have entered into any related party transactions with AUSTRAC and there are no contracts involving key management personnel interests existing at year end.

5. MANAGING UNCERTAINTIES

This section describes how AUSTRAC manages financial risks within its operating environment.

5.1 Contingent Assets and Liabilities

Quantifiable contingencies

There are no departmental or administered quantifiable contingencies as at 30 June 2020 (2019: Nil).

Unquantifiable contingencies

There are no departmental unquantifiable contingencies as at 30 June 2020 (2019: Nil).

AUSTRAC has two administered unquantifiable matters.

The first matter is subject to litigation through the Administrative Appeals Tribunal. This matter involves a reporting entity's dispute of their 2018-19 levy invoice. AUSTRAC is defending the matter. At the date of this report, AUSTRAC does not consider the outcome of this matter likely to have a significant effect on its operations or financial position.

The second matter relates to civil penalty proceedings in the Federal Court against a regulated entity. This matter is not finalised at the date of this report. AUSTRAC does not consider the outcome of this matter to have significant effect on its operations or financial position.

Accounting policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in this note. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Significant accounting judgements and estimates

No accounting assumptions or estimates relating to contingencies have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

	2020	2019
	\$'000	\$'000
<u>5.2 Categories of Financial Instruments</u>		
Financial assets at amortised cost		
Loans and receivables		
Cash and cash equivalents	815	2,374
Goods and services receivable	170	408
Total financial assets at amortised cost	985	2,782
Total financial assets	985	2,782
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	2,111	6,248
Total financial liabilities measured at amortised cost	2,111	6,248
Total financial liabilities	2,111	6,248

Accounting Policy

Financial assets

AUSTRAC classifies its financial assets at amortised cost.

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Financial Assets at Amortised Cost

Financial assets included in this category are held in order to collect the contractual cash flows and the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on expected credit losses.

The simplified approach for trade receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a de-recognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial liabilities

Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Amortised Cost

Financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

6. OTHER INFORMATION

Aggregate assets and liabilities

Aggregate assets and liabilities

	2020	2019
	\$'000	\$'000

Assets expected to be recovered in:

No more than 12 months	36,866	30,674
More than 12 months	49,152	28,215
Total assets	86,018	58,889

Liabilities expected to be settled in:

No more than 12 months	22,861	21,855
More than 12 months	23,194	1,991
Total liabilities	46,055	23,846

Administered aggregate assets

	2020	2019
	\$'000	\$'000

Assets expected to be recovered in:

No more than 12 months	291	-
More than 12 months	-	-
Total assets	291	-

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APPENDICES

LIST OF REQUIREMENTS

Below is the table set out in Schedule 2 of the PGPA Rule. Section 17AJ(d) requires this table be included in entities' annual reports as an aid of access.

PGPA Rule Reference	Page of Report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	ii	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	iii	Table of contents.	Mandatory
17AJ(b)	171-176	Alphabetical index.	Mandatory
17AJ(c)	169-170	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	156-168	List of requirements.	Mandatory
17AJ(e)	i	Details of contact officer.	Mandatory
17AJ(f)	i	Entity's website address.	Mandatory
17AJ(g)	i	Electronic address of report.	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
17AD(a)	Review by accountable authority		
17AD(a)	1-3	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	5	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	77	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	7	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	5-7	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	17	Name of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(ii)	17	Position title of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(iii)	17	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory
17AE(1)(b)	N/A	An outline of the structure of the portfolio of the entity.	Portfolio departments mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
17AE(2)	N/A	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
17AD(c)	Report on the Performance of the entity		
	Annual Performance Statements		
17AD(c)(i); 16F	22-72	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	120-154	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	122	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	120	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.

PGPA Rule Reference	Page of Report	Description	Requirement
17AD(d)	Management and Accountability		
	Corporate Governance		
17AG(2)(a)	ii,80	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	ii	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	ii,80	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	ii	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	74-81	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	80	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to noncompliance with Finance law and action taken to remedy noncompliance.	If applicable, Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
	<i>Audit Committee</i>		
17AG(2A)(a)	76	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	77-80	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	77-78	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	77-78	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	77-78	The remuneration of each member of the entity's audit committee.	Mandatory
	<i>External Scrutiny</i>		
17AG(3)	81	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	81	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
17AG(3)(b)	81	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	81	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
<i>Management of Human Resources</i>			
17AG(4)(a)	87-118	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	98-118	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: <ul style="list-style-type: none"> (a) statistics on fulltime employees; (b) statistics on parttime employees; (c) statistics on gender (d) statistics on staff location 	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
17AG(4)(b)	98-118	<p>Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:</p> <ul style="list-style-type: none"> • Statistics on staffing classification level; • Statistics on fulltime employees; • Statistics on parttime employees; • Statistics on gender; • Statistics on staff location; • Statistics on employees who identify as Indigenous. 	Mandatory
17AG(4)(c)	90	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	91	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	112	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	91	A description of nonsalary benefits provided to employees.	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
17AG(4)(d)(i)	91	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	N/A	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	N/A	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	N/A	Information on aggregate amount of performance payments.	If applicable, Mandatory
<i>Assets Management</i>			
17AG(5)	83	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory
<i>Purchasing</i>			
17AG(6)	83	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
	Consultants		
17AG(7)(a)	83-84	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory
17AG(7)(b)	83-84	A statement that “During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].”	Mandatory
17AG(7)(c)	83-84	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	83-84	A statement that “Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.”	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
<i>Australian National Audit Office Access Clauses</i>			
17AG(8)	84	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the AuditorGeneral with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
<i>Exempt contracts</i>			
17AG(9)	84	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters..	If applicable, Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
	<i>Small business</i>		
17AG(10)(a)	85	A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory
17AG(10)(b)	85	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	85	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, Mandatory
	<i>Financial Statements</i>		
17AD(e)	123-154	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
	Executive Remuneration		
17AD(da)	113-118	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 23 of the Rule.	Mandatory
17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)	85	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, Mandatory
17AH(1)(a)(ii)	85	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	86	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, Mandatory
17AH(1)(c)	86	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
17AH(1)(d)	66	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	67	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	66, 74, 97	Information required by other legislation	Mandatory

GLOSSARY

Abbreviation/acronym	Description
ABF	Australian Border Force
ACCCE	Australian Centre to counter child exploitation
ACIC	Australian Criminal Intelligence Commission
ACLEI	Australian Commission for Law Enforcement Integrity
AML/CTF	Anti-money laundering and counter-terrorism financing
AML/CTF Act	<i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i>
AMLC	Anti-Money Laundering Council (the Philippines' FIU)
APG	Asia/Pacific Group on Money Laundering
APS	Australian Public Service
ASEAN	Association of Southeast Asian Nations
AUSTRAC	Australian Transaction Reports and Analysis Centre
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CIO	Chief Information Officer
CTF	Counter Terrorism Financing
DCE	digital currency exchange
DCEO	Deputy Chief Executive Officer
ECDD	Enhanced Customer Due Diligence
Egmont	The Egmont Group (a united body of FIUs)
FIAC	Financial Intelligence Analyst Course
FinTech	financial technology
FIU	financial intelligence unit
FOI Act	<i>Freedom of Information Act 1988</i>
FTR Act	<i>Financial Transaction Reports Act 1988</i>

Abbreviation/acronym	Description
GC	General Counsel
IFA	Individual flexibility arrangement
IPS	Information Publication Scheme
JAIST	Joint Agency Ice Strike Team
ML/TF	money laundering/ terrorism financing
MOU	memorandum of understanding
NIC	National Intelligence Community
PBS	Portfolio Budget Statement
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
PPATK	Pusat Pelaporan dan Analisis Transaksi Keuangan (the Indonesian FIU)
RegTech	regulatory technology
RPF	Regulate Performance Framework
SES	Senior Executive Service (in the APS)
SMR	suspicious matter report (under the AML/CTF Act)
TTR	Threshold Transaction Report
WHS Act	<i>Work Health and Safety Act 2011</i>

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