



Australian Government

AUSTRAC

FIGHTING
FINANCIAL
CRIME
TOGETHER



AUSTRAC
2021-
22 ANNUAL
REPORT

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Australian Government
AUSTRAC

Chief Executive Officer

8 September 2022

The Hon Mark Dreyfus KC MP
Attorney-General
Parliament House
CANBERRA ACT 2600

Dear Attorney-General

AUSTRAC ANNUAL REPORT

I am pleased to present the annual report for the year ended 30 June 2022 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 collections 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', written over a light blue circular stamp.

Nicole Rose PSM
Chief Executive Officer

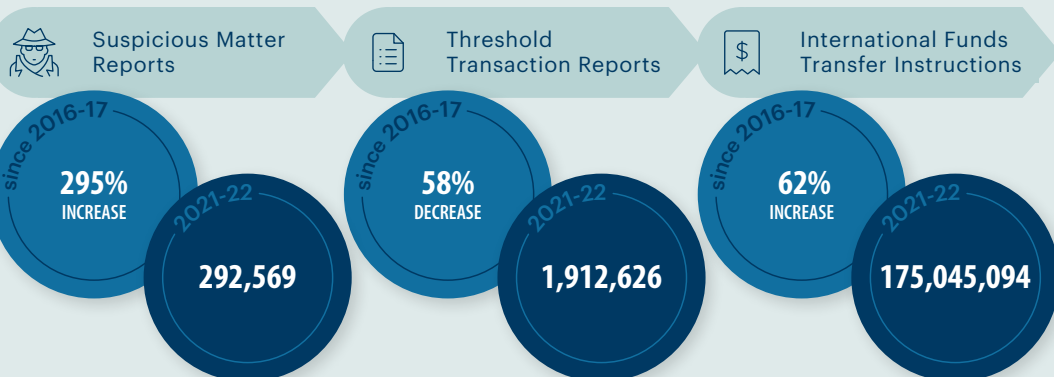
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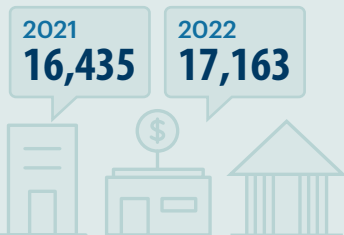
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AUSTRAC YEAR IN REVIEW 2021-22

AUSTRAC collects a large volume of data from industry ...




 **Number of REPORTING ENTITIES**




 **COMPLIANCE REPORT**




... which we make available to domestic partners directly ...


 **ANALYST WORK BENCH (AWB)**

 **8,687,875** searches

 **5,248 users**
across 37 agencies

 **14%** annual increase in users

 **1,010** PRODUCTS DISSEMINATION

 **15** TASKFORCES

 **SERIOUS FINANCIAL CRIME TASKFORCE**

\$473 million
IN TAX LIABILITIES

\$79 MILLION
recouped by the ATO

... and in the form of actionable financial intelligence we produce for law enforcement and national security operations

... and which we share with our domestic and international partners

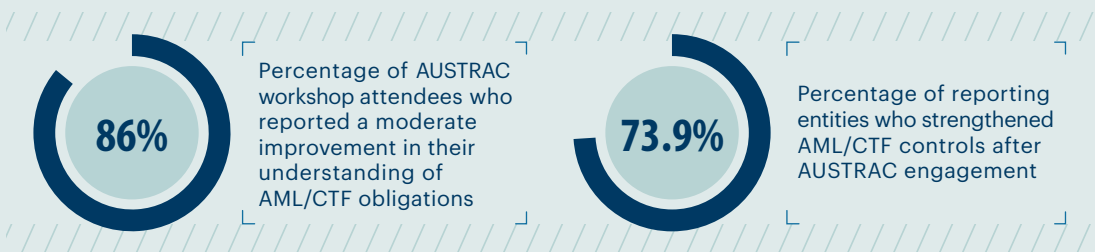


FINTEL ALLIANCE
 29 members (incl. AUSTRAC)

INTERNATIONAL AWARDS

- Partnerships in Conservation Award – INTERPOL
- Best Collaboration of the Year Award – International Compliance Association

... and from which we draw insights to inform our regulatory education activities.





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CEO
REVIEW

2021-22 AT AUSTRAC



During 2021-22, AUSTRAC continued to deliver significant outcomes as Australia's anti-money laundering and counter-terrorism financing

(AML/CTF) regulator and financial intelligence unit (FIU). We used insights from both of these functions to understand risks and vulnerabilities within the financial system, and leveraged the resources and expertise from government, international and private sector partners to better protect the community.

Changes globally and closer to home have seen AUSTRAC deploy our expertise and capabilities to tackle new and diverse challenges. In support of the Government's response to the Russian invasion of Ukraine, AUSTRAC established a monitoring system for sanctioned entities and suspicious transactions related to illicit Russian financing. We worked closely with key domestic and international partners to understand financial flows and assets held by sanctioned entities in Australia.

In addition, making greater use of data and technology ensures we can remain responsive to changes in our operating environment. Investment in data science, advanced analytics, regulatory monitoring and alerting continued to increase our understanding of compliance and risk across the financial sector, and enhanced the way we perform our core functions.

ENSURING AN EDUCATED, COMPLIANT REGULATED POPULATION

In 2021-22, we continued to take a risk-based approach to ensuring AML/CTF compliance of the more than 17,000 individuals, businesses and organisations we regulate. We ensured that our resources were allocated to best manage money laundering and terrorism financing (ML/TF) risks across the Australian financial system, and our interactions with regulated entities were consistent with their risk and particular circumstances.

We continued to uplift AML/CTF awareness among our regulated entities so they understand their obligations, are informed and supported to identify and manage their specific financial crime risks, and to encourage appropriate investment in financial crime compliance programs.

Responding to industry demand, AUSTRAC established an internal working group to understand industry needs, to better support the development of detailed regulatory guidance, outreach and communications. This included regulatory guidance provided to the pubs and clubs sector in December 2021, which was complemented by a successful nationwide education program. The program saw AUSTRAC partner with state regulators to hold 240 visits covering 420 reporting entities and 690 venues across the country, to raise their awareness of pubs and clubs' AML/CTF obligations. This campaign resulted in a significant increase in awareness, and resulted in increases to the number of suspicious matter reports submitted to AUSTRAC, providing even greater insights to our financial intelligence analysts.

Beyond our ongoing education and regulatory supervision efforts, AUSTRAC continues to draw upon our range of regulatory powers. This allows us to determine the most appropriate course of action to bring non-compliant entities back into compliance, and assure entities effectively manage their ML/TF risks into the future. We commenced civil penalty proceedings in the Federal Court against Crown Melbourne and Crown Perth for alleged serious and systemic non-compliance with Australia's AML/CTF laws. AUSTRAC also accepted an enforceable undertaking from National Australia Bank to uplift its AML/CTF compliance. These strong actions intend to drive enduring change and ensure that reporting entities fully meet their obligations to protect themselves and Australia's financial system from criminal activity.

MAINTAINING COLLABORATIVE PARTNERSHIPS TO MAXIMISE OPERATIONAL OUTCOMES

We contribute financial intelligence expertise to law enforcement and national security priorities, through our active participation in 15 multi-agency task forces addressing serious and organised crimes including money laundering, foreign interference, fraud and child sexual offences.

Our public-private partnership, Fintel Alliance, continues to build partnerships to identify and take advantage of opportunities to better protect the community from harm. The past year saw the establishment and progression of projects aimed at protecting the most vulnerable members of the Australian community, assisting in the

location of Australia's most-wanted fugitives, and targeting organised crime groups to take the profit out of crime.

Our collaborative approach to working with national and international partners resulted in Fintel Alliance being presented with two international awards for projects targeting illegal wildlife trafficking and professional money laundering. The presentation of the Best Collaboration of the Year Award, by the International Compliance Association, recognised the collaborative efforts of Fintel Alliance to identify and disrupt organised crime syndicates using ATMs to launder the proceeds of crime.

AUSTRAC shares knowledge and capabilities with our international partners—including in South-East Asia and the Pacific—to collectively increase the understanding of money laundering, terrorism financing and other serious crimes in the region. Supporting partners with training and capability uplift programs enables us, and our international partners, to identify and manage evolving ML/TF risks specific to their own countries and put in place controls to harden the financial system from exploitation by criminals.

2021-22 also marks the successful conclusion of our 20-year capacity-building partnership with Indonesia's FIU, Pusat Pelaporan dan Analisis Transaksi Keuangan (PPATK). AUSTRAC's support and engagement resulted in PPATK becoming a regional leader. We look forward to continuing to enhance our operational cooperation with PPATK.

MAINTAINING A POSITIVE AND INCLUSIVE WORKPLACE CULTURE TO REMAIN AN EMPLOYER OF CHOICE

This year, AUSTRAC was recognised as one of the *Australian Financial Review BOSS Magazine's* top 10 Best Places to Work, thanks to our strong workplace culture and future-focused workforce practices. These awards recognise successful organisations that foster productive, creative and focused staff in the face of competing challenges and digital transformation, and those who are pioneering best practices in areas such as flexible work. It is recognition such as this—as well as the continued positive employee sentiment shown by AUSTRAC staff in the Australian Public Service employee census—that illustrates why AUSTRAC is such a great place to work.

Our staff in Brisbane and Sydney moved into new offices to improve AUSTRAC's physical presence and enable enhanced engagement and collaboration with reporting entities, law enforcement and regulatory partners. The new offices provide us with the infrastructure and facilities we need to continue our fight against money laundering, terrorism financing and other serious crimes. The move to the Sydney central business district was a significant project for the agency, as AUSTRAC closed a significant chapter in our history, marking the end of over 30 years in our Chatswood office.

LOOKING AHEAD

We will continue to provide financial intelligence and expertise to law enforcement and national security whole-of-government serious and organised crime and national security priorities. Our ongoing positive engagement with domestic and international partners and forums will be critical to this success.

Australia's assessment by the Financial Action Task Force in 2024-25 is a key milestone as we consider our work and broader efforts to mitigate ML/TF over the next few years. This Mutual Evaluation will comprehensively assess all aspects of Australia's AML/CTF regime, and we have already commenced work to ensure Australia is well positioned to perform strongly during the assessment.

I am proud to lead such a resilient, effective organisation, made up of staff who are so engaged and committed to the work of AUSTRAC and pursuit of our common vision of a world free from financial crime.



Nicole Rose PSM
Chief Executive Officer
 AUSTRAC



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AGENCY OVERVIEW

Our vision: A financial system free from criminal abuse.

Our outcome: The protection of the financial system from criminal abuse through actionable financial intelligence, risk-based regulation, and collaboration with domestic and international partners.

Our purpose: To build resilience in the financial system, and use financial intelligence and regulation to disrupt money laundering, terrorism financing, and other serious and organised crime.

To execute our purpose, AUSTRAC focuses on five strategic pillars:

DISCOVER	UNDERSTAND	STRENGTHEN	DISRUPT	OPTIMISE
				
Identify new and emerging risks posed by criminals who seek to exploit our financial system.	Develop and share a comprehensive understanding of vulnerabilities to criminal exploitation within our financial system.	Ensure risks within our financial system are mitigated with effective prevention and monitoring controls.	Collaborate with our partners to disrupt criminal abuse of the financial system.	Continuously evolve and adapt our business operations to improve our efficiency, effectiveness and sustainability in a dynamic operating environment.

ROLE AND FUNCTIONS

As Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regulator and financial intelligence unit (FIU), the Australian Transaction Reports and Analysis Centre (AUSTRAC) is responsible for detecting, deterring, and disrupting criminal abuse of the Australian financial system to protect the Australian community from serious and organised crime.

AUSTRAC's unique value is our dual, interconnected regulation and intelligence functions, and our collaboration with industry and government partners in working towards the vision of a financial system free from criminal abuse. AUSTRAC's regulation hardens the financial sector against criminal exploitation, while our intelligence provides crucial information to national security and law enforcement partners.

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
- 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 PLANNING AND PERFORMANCE FRAMEWORKS

AUSTRAC regulates more than 17,000 individuals, businesses and organisations to ensure they have robust AML/CTF processes and systems in place and can effectively identify and mitigate the risks associated with criminal exploitation of the financial system. We analyse and generate financial intelligence based on suspicious matter and other reports provided by our reporting entities every day. AUSTRAC receives almost half a million reports each day from businesses such as banks and credit unions, lenders and stockbrokers, gambling and bullion service providers, remittance dealers and digital currency exchange providers.

Our intelligence analysts draw upon these transaction reports, combined with other information sources, to identify risks and threats. Our unique financial intelligence expertise enables us to develop targeted intelligence products to support the investigation and prosecution of serious criminal activity, by law enforcement and national security agencies. We also use this information to educate industry to help build the resilience of Australian businesses in detecting and mitigating criminal abuse of the financial system.

AUSTRAC's strategic planning and performance reporting frameworks are governed by the *Public Governance, Performance and Accountability Act 2013*. These frameworks establish regular internal planning and reporting processes, enabling AUSTRAC to continuously monitor the achievement of our purpose and report this in our annual performance statements in each annual report. Together our planning and performance frameworks link our purpose, priorities and performance measures and ensure alignment between the performance information in our Portfolio Budget Statements, corporate plans and internal plans and reports.

The annual performance statements in this report (see pages 27-127) detail our progress against the performance measures in AUSTRAC's 2021-25 corporate plan.



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OUR
CAPABILITIES

As outlined in our 2021-25 corporate plan, AUSTRAC's ability to achieve our purpose and undertake our key activities as Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regulator and financial intelligence unit (FIU) is underpinned by our key capabilities. These comprise our regulatory, intelligence and enabling capabilities, such as our people, governance, data and analytics. These capabilities are structured into three divisions as shown in the organisation chart on pages 20-21.

KEY CAPABILITIES

Regulation

As Australia's AML/CTF regulator, AUSTRAC regulates more than 17,000 individuals, businesses and organisations. We ensure they comply 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.

Our approach is risk-based, ensuring that our resources are allocated to best manage money laundering and terrorism financing (ML/TF) risks across the Australian financial system, and that our interactions with regulated entities are aligned to their needs and circumstances.

Reporting entities' obligations include identifying, understanding and mitigating ML/TF risks, 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 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
- undertaking active supervision to test the business sectors' performance
- taking a risk-based approach to how we handle non-compliant reporting entities
- taking enforcement action against reporting entities that is proportionate to the nature of, and harm resulting from, the non-compliance with the AML/CTF Act.

In 2021-22 our regulatory functions were undertaken by AUSTRAC's Regulation, Education and Policy division.

Intelligence

As Australia's FIU, AUSTRAC collects, collates and analyses information from the entities we regulate, to disseminate actionable financial intelligence and insights to partner agencies.

Our financial intelligence analysts use this information, with other data sources and specialised analytical tools and methodologies, to enhance financial intelligence and reporting. Our intelligence relates to the most significant threats against Australia's national security and crimes including money laundering, terrorism financing, sanctions evasion, drug trafficking, child exploitation, cybercrime, fraud and other forms of serious and organised crime.

Effective partnerships are critical in the provision of timely, accurate and actionable financial intelligence. We work seamlessly with Commonwealth, state and territory law enforcement, revenue, border and national security intelligence agencies to protect Australia from those who might do us harm. This includes active participation with national and multi-jurisdictional law enforcement, security and revenue protection task forces, and as a member of the National Intelligence Community (NIC). In addition to specialised financial intelligence, we supply those partners with near-real time feeds of financial indicators.

We work with industry primarily through Fintel Alliance (AUSTRAC's public-private partnership), which has proven to be a world-class example of the benefit of collaboration and information sharing between public and private partners. Harnessing the capabilities of Fintel Alliance members continues to improve our understanding of ML/TF risks, enrich AUSTRAC's risk assessments, enhance the value of industry reporting and make valuable contributions to operational and law enforcement outcomes.

AUSTRAC's intelligence capability is also deeply integrated with, and enabled by, our international partnerships. Working with international partners continues to realise strategic and operational value for AUSTRAC in understanding new and evolving threats quickly, and generating timely and actionable financial intelligence. This work is enabled by overseas-posted staff, international networks and our strong presence in regional and international forums, including the Financial Action Task Force, the Global Coalition to Fight Financial Crime, Egmont Group of FIUs and Asia/Pacific Group on Money Laundering.

Our intelligence functions and international partnerships were managed by AUSTRAC's Intelligence division in 2021-22.

Enabling capabilities

AUSTRAC's trusted, dependable and innovative enabling capabilities underpin our ability to effectively and efficiently deliver on our purpose. In particular, managing and making best use of the financial data we receive from industry and other partners is critical to achieving our mission. The complex and evolving threat environment requires us to search for new data sources and develop advanced tools to analyse and correlate high-volume, high-variety information quickly.

We continue to invest in data science and advanced analytics to increase our understanding of compliance and risk across the financial sector. Greater use of technology enables AUSTRAC to provide accurate and actionable financial intelligence, generate insights and allows us to provide raw data to partners in near-real time.

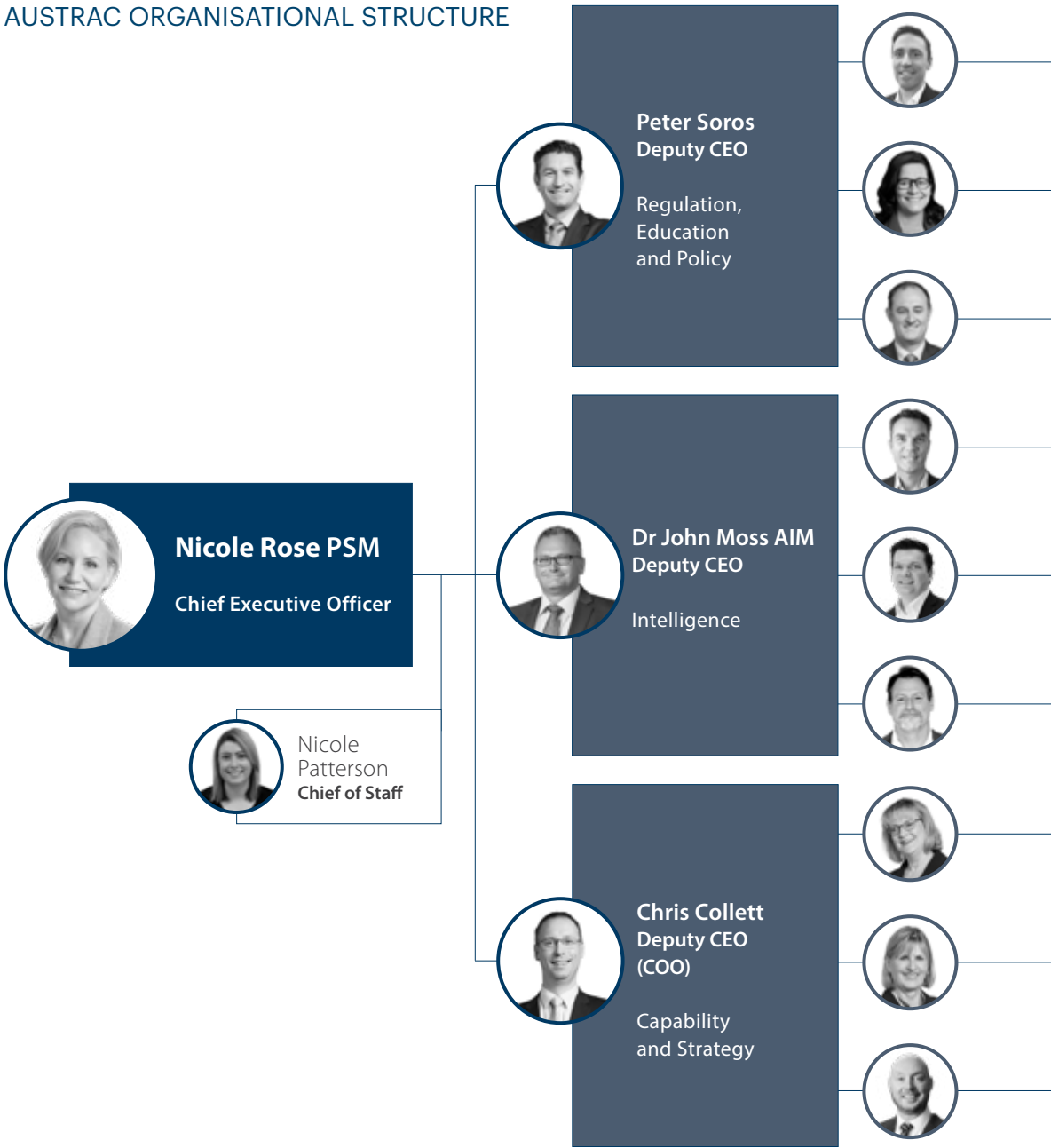
We cooperate with other government agencies to share data and match data sets to effectively combat money laundering, terrorism financing, fraud and other financial crime. We share information and data with our Fintel Alliance partners and overseas FIUs, and are putting in place secure collaboration platforms to enhance how we work together. We recognise the importance of our role as custodians of this data on behalf of the Australian Government, and remain committed to ensuring data is stored, accessed and shared appropriately.

Our agility as an organisation and our holistic, hybrid approach to workforce and technology, ensures AUSTRAC remains adaptable, effective and contemporary in a COVID-normal environment. We recognise that our positive workforce culture and the commitment and resilience of our staff are central to AUSTRAC's ability to deliver outcomes.

We continue to enhance agency capability and ensure our functions, processes and products remain fit-for-purpose and serve the current and future needs of the agency.

In 2021-22, the Capability and Strategy division delivered the agency's core functions in people and integrity, finance, property, security, information management and technology services, governance, planning, performance, internal audit and risk management.

AUSTRAC ORGANISATIONAL STRUCTURE



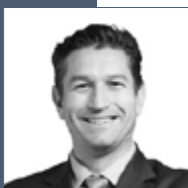
<p>Dan Mossop National Manager Education, Capability and Communications</p>	<ul style="list-style-type: none"> • Strategic Communications • Industry Education and Outreach 	<ul style="list-style-type: none"> • Regulatory Capability • Policy 	
<p>Katie Miller National Manager Legal and Enforcement (General Counsel)</p>	<ul style="list-style-type: none"> • Rules, Exemptions and MOUs • Legal 	<ul style="list-style-type: none"> • Enforcement 1 • Enforcement 2 • Enforcement 3 	
<p>Brad Brown National Manager Regulatory Operations</p>	<ul style="list-style-type: none"> • Regulatory Supervision 1 • Regulatory Supervision 2 	<ul style="list-style-type: none"> • Regulatory Supervision 3 • Regulatory Supervision 4 	<ul style="list-style-type: none"> • Risk and Insights
<p>Jon Brewer National Manager Intelligence Partnerships</p>	<ul style="list-style-type: none"> • Intelligence Collaboration • Serious Financial Crime • Fintel Alliance Operations 		
<p>Michael Tink National Manager Intelligence Operations</p>	<ul style="list-style-type: none"> • Money Laundering Intelligence • National Security and Cyber 	<ul style="list-style-type: none"> • Pacific Operations • International Operations • Southeast Asia Operations 	<ul style="list-style-type: none"> • Overseas Posted Officers
<p>Carl Herse National Manager Intelligence Capabilities</p>	<ul style="list-style-type: none"> • Governance, Engagement and Systems • Products 	<ul style="list-style-type: none"> • Strategic Assessments • Data Enhancement • Analytics and Statistics 	<ul style="list-style-type: none"> • Innovation and Continuous Improvement
<p>Leanne Fry National Manager Innovation and Technology Solutions (CIO)</p>	<ul style="list-style-type: none"> • Information Security Advisor • Technology Platform Solutions 	<ul style="list-style-type: none"> • Information Knowledge and Products • Business Products 	<ul style="list-style-type: none"> • Enterprise Analytics • REST Program
<p>Gilly Neeley National Manager People and Business Solutions</p>	<ul style="list-style-type: none"> • Human Resources • Organisational Development 	<ul style="list-style-type: none"> • Property, Security and International Deployments • Integrity and Personnel Security 	
<p>Ben Skaines National Manager Strategic Planning, Finance and Performance (CFO)</p>	<ul style="list-style-type: none"> • Finance • Ministerial and Performance 	<ul style="list-style-type: none"> • Capability and Assurance 	

The Executive Team



Nicole Rose PSM, Chief Executive Officer

Nicole commenced as the AUSTRAC CEO in November 2017. In this role, Nicole leads Australia's AML/CTF regulator and FIU. As CEO, Nicole served as accountable authority for AUSTRAC for the duration of 2021-22.



Peter Soros, Deputy CEO Regulation, Education and Policy

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



Dr John Moss AIM, Deputy CEO Intelligence

Having previously served as Deputy CEO Capability and Strategy and National Manager Intelligence, John assumed the role of Deputy CEO Intelligence in March 2021. John is responsible for AUSTRAC's intelligence capability, operational engagement, strategic risk assessments and international operations. John is the co-chair of the regional Financial Intelligence Consultative Group and Pacific Financial Intelligence Committee, and chairs the Fintel Alliance's Executive Board.



Chris Collett, Deputy CEO Capability and Strategy (Chief Operating Officer)

Chris took on the position of Chief Operating Officer in March 2021. He is responsible for AUSTRAC's corporate and enabling functions including technology, people and business solutions, security, strategic planning and financial management across the agency. Chris previously served as AUSTRAC's Deputy CEO Intelligence.

REGULATION, EDUCATION AND POLICY

**Daniel Mossop, National Manager****Education, Communications and Capability**

Dan joined AUSTRAC in April 2022 to lead the Education, Communications, and Capability branch. The branch is focused on educating reporting entities about their AML/CTF obligations and building their understanding of financial crime risks. Dan is responsible for leading AUSTRAC's policy, strategic communications, industry education and outreach, and regulatory capability functions.

**Katie Miller, National Manager****Legal and Enforcement (General Counsel)**

Katie commenced with AUSTRAC in January 2021. As General Counsel, Katie manages AUSTRAC's legal risk. Katie is also responsible for functions involving the exercise of legislative powers, including AUSTRAC's enforcement program and regulatory relief through the AML/CTF Rules and exemptions.

**Bradley Brown, National Manager****Regulatory Operations**

Brad is responsible for leading the agency's supervision and risk insight functions to detect, understand and monitor compliance by industry with their obligations under the AML/CTF framework. Brad commenced in AUSTRAC in September 2004 and has led various intelligence, policy, project and regulatory functions.

INTELLIGENCE



Jon Brewer, National Manager

Intelligence Partnerships

Jon leads AUSTRAC's contribution to key intelligence and operational task forces nationally, across a diverse range of crime types. Jon also oversees Fintel Alliance, the AUSTRAC-led public-private partnership that works closely with government, law enforcement and industry to build resilience in the financial system, and like the rest of the branch's efforts, disrupt money laundering, terrorism financing and other serious crime.



Michael Tink, National Manager

Intelligence Operations

Michael has responsibility for financial intelligence operational sections focused on money laundering, criminal wealth, cybercrime and national security. Michael also oversees AUSTRAC's international operational engagement and capacity-building efforts, including regional forums that promote financial intelligence collaboration among South-East Asian and Pacific FIUs.



Carl Herse, National Manager

Intelligence Capabilities

Carl joined AUSTRAC in February 2021 as part of a NIC program that provides mobility opportunities to SES across the NIC. Carl has responsibility for intelligence coordination, including uplifting AUSTRAC's intelligence capability and governance arrangements. This incorporates Analyst Work Bench, AUSTRAC's data-sharing platform. Additionally, Carl oversees: AUSTRAC's strategic assessment program, which is aimed at building a deeper understanding of ML/TF risks in particular sectors and products; the Intelligence division's Reporting team, which focuses on enhancing the reach and impact of AUSTRAC's intelligence products; and the Data Enhancement team, which manages the application of data science capabilities to frontline operational teams.

CAPABILITY AND STRATEGY

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

Leanne leads the analytics, innovation, development, information and infrastructure teams. Leanne is responsible for ensuring advanced analytics and customer service capability are 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 AUSTRAC's people and property-focused functions. This covers all human resources functions including industrial relations, diversity and inclusion, security and integrity, and organisational development including workforce planning, and learning and development. Gilly has a key role in driving AUSTRAC's culture through strategies and workforce initiatives.

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

Ben joined AUSTRAC in May 2019 as AUSTRAC's Chief Finance Officer. Ben leads the Strategic Planning, Finance and Performance branch and is responsible for ensuring the effectiveness of AUSTRAC's financial, governance, performance and assurance frameworks.



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OUR
PERFORMANCE

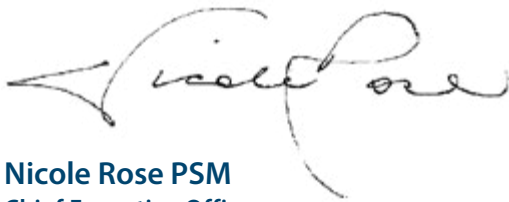


ANNUAL PERFORMANCE STATEMENTS 2021-22

Introductory statement

I, Nicole Rose PSM, as AUSTRAC's accountable authority, present the 2021-22 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 2021-25 and the agency's 2021-22 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 2022.



Nicole Rose PSM
Chief Executive Officer
AUSTRAC

Overview of performance framework

In preparation for this reporting period AUSTRAC undertook a significant body of work to identify the most appropriate measures for the agency—those that demonstrate achievement of our purpose and provide us with the objective information we need to make data-driven decisions that lead to our continual improvement.

This work has resulted in the majority of the measures we have used in recent years to be updated or replaced, to provide more tangible performance results that meet PGPA Rule 2014 section 16EA requirements.

To measure our performance against our purpose, we report on our achievements against the AUSTRAC performance criterion in the 2021-22 PBS. As outlined in our corporate plan 2021-25, we measure our performance and demonstrate achievement of our purpose via five strategic pillars: Discover, Understand, Strengthen, Disrupt and Optimise. These collectively contribute to the realisation of our purpose:

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

Regulator performance reporting requirements

With the Australian Government in 2021 setting out new performance expectations for regulators, agencies' regulatory performance will be reported through existing reporting requirements under the PGPA Act and PGPA Rule. AUSTRAC's new performance measures enable us to report on achievement towards our purpose and also against the Government's three principles of regulator best practice. In doing so, AUSTRAC will not produce a standalone regulator performance framework self-assessment report from 2021-22. Instead, our regulatory performance reporting will be published via these annual performance statements to ensure we take a holistic and integrated approach to agency performance.

The following measures will be used to report on AUSTRAC's performance towards meeting the Government's expectations for the three principles of regulator best practice:

Three principles of regulator best practice		
1.	Continuous improvement and building trust: regulators adopt a whole-of-system perspective, continuously improving their performance, capability and culture to build trust and confidence in Australia's regulator settings:	
	Measure 3.5. (see pages 87-88)	Percentage of industry associations representing AUSTRAC's reporting entities who believe reporting entities have a MODERATE (or higher) level of trust in AUSTRAC as a result of AUSTRAC's efforts to harden the industry against money laundering/terrorism financing (ML/TF) and other crime risks, annually.
2.	Risk based and data driven: regulators manage risks proportionately and maintain essential safeguards while minimising regulatory burden, and leveraging data and digital technology to support those they regulate to comply and grow.	
	Measure 3.3. (see pages 76-82)	Percentage of regulatory work initiated by self-disclosure as opposed to percentage of work proactively identified by AUSTRAC, annually.
	Measure 3.6. (see pages 89-91)	Percentage of exemptions and modifications granted, annually.

Three principles of regulator best practice

3.	Collaboration and engagement: regulators are transparent and responsive communicators, implementing regulations in a modern and collaborative way.	
	Measure 2.1. (see pages 48-52)	Number of instances a published guidance product was accessed and downloaded from our website by individual external audience members and direct email recipients, within three months of publication, per product.
	Measure 2.2. (see pages 53-54)	Percentage of event/workshop attendees/e-learning participants who report a MODERATE (or higher) improvement in their understanding of the anti-money laundering and counter-terrorism financing (AML/CTF) obligations as a result of their attendance/completion, annually.
	Measure 2.3. (see pages 55-61)	Percentage of industry associations representing AUSTRAC's reporting entities who report a MODERATELY (or higher) rating on the usefulness of AUSTRAC's guidance materials, annually.
	Measure 3.4. (see pages 62-63)	Percentage of industry associations representing AUSTRAC's reporting entities who assess AUSTRAC's level of collaboration in the development of AML/CTF Rules and policy settings to be USUALLY collaborative (or higher), annually.




Summary of results







Achieved means AUSTRAC achieved against both the relevant performance measure and target.








Not achieved means AUSTRAC failed to demonstrate achievement against the target.






RESULTS LEGEND






	
Achieved	Not achieved

Performance measure	Target	Result
 Discover		
1.1. Number of referrals to partner agencies, annually.	Maintenance or improvement of the average	 Achieved 5,146
1.2. Number of instances when AUSTRAC's identification of a new theme, threat or use of technology has provided stakeholders with intelligence of value to them, annually.	Establish a baseline	 Achieved 29
1.3. Number of financial intelligence exchanges with foreign financial intelligence units (FIUs), annually.	Not practicable to set a target	No target 1,140

Performance measure	Target	Result
 Understand		
2.1. Number of instances a published guidance product was accessed and downloaded from our website by individual external audience members and direct email recipients, within three months of publication, per product.	Average 950 downloads per individual product published in the period	 Achieved 1,116
2.2. Percentage of event/workshop attendees/ e-learning participants who report a MODERATE (or higher) improvement in their understanding of the AML/CTF obligations as a result of their attendance/completion, annually.	70%	 Achieved 86%
2.3. Percentage of industry associations representing AUSTRAC's reporting entities who report a MODERATELY (or higher) rating on the usefulness of AUSTRAC's guidance materials, annually.	70%	 Achieved 100%
2.4. Number of intelligence products published and/or disseminated, annually.	Not practicable to set a target	No target 1,010
2.5. Percentage of stakeholders who report AUSTRAC's intelligence products had a MODERATE (or higher) level impact on their understanding of vulnerabilities in the financial system, annually.	Establish a baseline	 Achieved 80%
2.6. Number of task forces we are a member of, by AUSTRAC Intelligence Priority level, annually.	Establish a baseline	 Achieved 15


Performance measure	Target	Result
 Strengthen		
3.1. Percentage of reporting entities who strengthened their AML/CTF controls after AUSTRAC engagement, annually.	65%	 Achieved 73.9%
3.2. Percentage of reporting entities who submit their compliance reports on time, annually.	75%	 Achieved 98.7%
3.3. Percentage of regulatory work initiated by self-disclosure as opposed to percentage of work proactively identified by AUSTRAC, annually.	The percentage of self-disclosure work to fall within 35% and 65% of regulatory work	 Not Achieved 17.5%
3.4. Percentage of industry associations representing AUSTRAC's reporting entities who assess AUSTRAC's level of collaboration in the development of AML/CTF Rules and policy settings to be USUALLY collaborative (or higher), annually.	70%	 Achieved 75%
3.5. Percentage of industry associations representing AUSTRAC's reporting entities who believe reporting entities have a MODERATE (or higher) level of trust in AUSTRAC as a result of AUSTRAC's efforts to harden the industry against ML/TF and other crime risks, annually.	70%	 Achieved 100%
3.6. Percentage of exemptions and modifications granted, annually.	Establish a baseline	 Achieved 85.9%

Performance measure	Target	Result
3.7. Percentage of externally funded International Operations capability development programs where the funder has confirmed the program is serving their purposes, annually.	Establish a baseline	 Achieved 100%
3.8. Percentage of international development programs that realised a capability uplift, annually.	Establish a baseline	 Achieved 100%
3.9. Percentage of reporting entities who advise our Risk Assessment product had a MODERATE (or higher) influence on their risk mitigation attitudes or behaviours, per product.	Establish a baseline	 Achieved Results range from 64% - 100%
3.10. Percentage change in number of relevant suspicious matter reports (SMRs) received following completion of a Fintel Alliance project, over the 6-12 month period following said project, per project.	Not practicable to set a target	No target. Positive percentage change
 Disrupt		
4.1. Sum of Australian Taxation Office (ATO)-recovered revenues and liabilities attributable to AUSTRAC data and AUSTRAC financial intelligence over the preceding 12 month period.	Not practicable to set a target	No target. \$105 million and \$473 million
4.2. Sum of Criminal Assets Confiscation Task force (CACT) Gross Restrained assets, which AUSTRAC data and AUSTRAC financial intelligence have contributed to the restraint of, over the preceding 12 month period.	\$600 million over 5 years	 Achieved \$138 million

Performance measure	Target	Result
4.3. Percentage of partner agencies who rate the impact of AUSTRAC's data and financial intelligence to their work as SOMEWHAT OF AN IMPACT (or higher), annually.	65%	 Achieved 89%
4.4. Number of times partner agency users accessed AUSTRAC data via Analyst Workbench (AWB), annually.	Establish a baseline	 Achieved 8,687,875
 Optimise		
5.1. Percentage of technology projects, closed during either the current financial year or the previous financial year, that realise their approved benefits, annually.	70%	 Achieved 85.7%
5.2. Percentage of instances a streamlining opportunity from an enabling function results in a realised efficiency, annually.	70%	 Achieved 100%
5.3. Percentage of AUSTRAC staff who agree their workgroup has the appropriate skills, capabilities and knowledge to perform well, annually.	85%	 Achieved 86%



DISCOVER - AUSTRAC identifies criminal risks to Australia's financial system.

Performance measure: 1.1. Number of referrals to partner agencies, annually.		Result
Target: Maintenance or improvement of the average	Source: AUSTRAC Corporate Plan 2021-25 p35 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Achieved 5,146

Reporting entities are legally required to provide AUSTRAC with transaction data, including the following:

- suspicious matter reports (SMRs) – reports that indicate potentially suspicious behaviour or transactions
- international funds transfer instruction (IFTI) reports – international transactions to or from Australia
- threshold transaction reports (TTRs) – any cash transaction of \$10,000 or more
- cross border movement (CBMs) – reporting \$10,000 or more of cash or bearer negotiable instruments (BNIs) moved across the Australian border.

AUSTRAC uses financial profiles¹ and business rules to detect transactions and patterns of behaviour that may be indicative of criminal activity. The triage system automates the assessment of profile matches to analyse and detect crime types and flag high priority matters that align with AUSTRAC and partner agency priorities.

¹ Profiles refer to an automated algorithm created by AUSTRAC data scientists to detect potentially criminal activity. These profiles are based on existing trends in money laundering, terrorism financing and organised crime transaction data.

To derive actionable intelligence from detections further analysis is undertaken by AUSTRAC analysts and compiled into a product (an intelligence referral, information report or tactical intelligence report) for referral to relevant Australian law enforcement, national security, revenue protection and regulatory agencies. This further analysis may include:

- linking related financial reporting in AUSTRAC's data holdings
- supplementing the information with additional external-source intelligence and data
- requesting additional information under notice powers of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act)
- engagement with a relevant partner agency to determine scope, intelligence requirements and prioritisation
- requesting and linking international reporting and intelligence from counterpart FIUs.

During this reporting period 5,146 referrals were made by AUSTRAC to partner agencies. This was almost half the number of referrals (11,937) conducted during 2020-21. During 2021-22, AUSTRAC provided partners with direct access to COVID-19-related fraud reporting. This resulted in a significant decrease in the number of referrals disseminated and enabled resources to instead be directed to in-depth analysis in support of partners.

In response to the economic impact of COVID-19, the Australian Government introduced COVID-19 stimulus measures in the second quarter of 2020 (these ceased in the first quarter of 2021). Some people sought to take advantage of the stimulus measures by engaging in fraudulent activity. As industry understanding increased about what COVID-19 stimulus fraud looked like, and how to identify it, so did the volume of relevant SMRs. This led to an influx of COVID-19-related reporting to AUSTRAC, which was directly referred by AUSTRAC to relevant partners in support of broader Government efforts to maintain the integrity of government-led stimulus actions.

Table 1: Percentage of COVID-19 referrals per year from 2019-22

Year	Number of referrals	Number of COVID-19 referrals	% of total referrals that were COVID-19 referrals
2019-20	3,146	227	7.2%
2020-21	11,937	7,127	59.7%
2021-22	5,146	5	0.1%

As a result, the 2020-21 referral count was artificially inflated by the number of COVID-19-related referrals, with the 2021-22 volume representing a more realistic baseline figure of referrals related to AUSTRAC's more enduring intelligence priorities.

Table 2: Impact of COVID-19 alerts on number of referrals per year from 2019-22

Year	Number of referrals including COVID-19 profiles	Number of referrals excluding COVID-19 profiles
2019-20	3,146	2,919
2020-21	11,937	4,810
2021-22	5,146	5,141

We consider the 2020-21 result has distorted the target for 2021-22 (that is, based on the three-year average), artificially raising the average to 6,743 referrals. It is for this reason we consider we have achieved the target. (The current monitoring system was introduced during the 2018-19 financial year, so we do not have comparable data for earlier years.)

Using this measure over the past 12 months, we identified a number of limitations. The measure itself does not directly demonstrate the value AUSTRAC's discovery work can provide to partner agencies. It is also quite difficult to demonstrate a 'good' result noting the actual result is dependent on many factors beyond AUSTRAC's control (for example, the impact of COVID-19 referrals on the previous year's results). As such, we have decided to replace this measure with one that captures the percentage of referrals that generated an intelligence and/or investigative outcome. For 2022-23 the scope of this measure will be limited to four selected task forces, to be re-assessed each year as we mature our performance framework.

A current and future limitation in calculating this measure is that the system used to capture our data is a live system and can be updated by product owners (that is, staff responsible for the intelligence product) at any time. A search run on one day may have different results to a search run on a different day, despite using the same parameters. We accept this limitation noting we are balancing the costs of system changes with the associated benefit. We seek to minimise this limitation by capturing a screenshot of the relevant data (from the source) on the day the results are recorded.

WHAT OUR REFERRALS (AS A WHOLE) HAVE TOLD US

Analysis of AUSTRAC referrals made in 2021-22 identified a reduction in the number of money laundering-based crime referrals. This is reflective of a previous trend of cash stockpiling and the washing of illicit funds through dormant businesses. It also identified an increase in digital currency-related referrals resulting from increased reporting from digital currency exchange (DCE) providers and a greater understanding of suspicious money movements through digital currencies. An additional increase was also identified in ongoing efforts to respond to drug-related crimes consistent with changes in the financial crime environment following the end of lockdowns. The change in the environment is reflective of analysis completed by AUSTRAC on the impact of the COVID-19 pandemic on financial crime in Australia, including:

- increases in cyber-related crime as a more prevalent methodology for organised criminal groups to move proceeds of crime offshore
- organised criminal groups moving to exploit opportunities to purchase and use personal identification information as part of different fraud attempts
- increases in the use of professional money laundering syndicates to move the proceeds of crime.

Other small shifts in priority resulted in increased reporting on specific themes, such as ideologically motivated violent extremism (IMVE) and evasion of Russia-related sanctions.

REFERRALS ENABLING OUR PARTNERS

Instances of AUSTRAC referrals enabling partners during the reporting period include the following.

- Actionable intelligence relating to the identification of money laundering using cash and cryptocurrency were referred to relevant law enforcement partners. This has resulted in partners standing up operations to respond to this intelligence.
- AUSTRAC received 16 proactive SMR referrals from a Fintel Alliance member, identifying Western Australia-based entities who had received NSW Government COVID-19 relief payments into their account. AUSTRAC engaged with Services Australia and compiled a bulk referral of SMR data. Analysis by Services Australia confirmed all customers identified in the SMRs had received the payments fraudulently.
- AUSTRAC reporting continues to support the Australian Federal Police (AFP) and State police Joint Counter Terrorism Teams with ongoing law enforcement activities. Joint projects on IMVE with firearms and explosives provide high-risk leads generation to law enforcement partners, as well as our private sector partners. One particular referral initiated an investigation that contributed to a successful outcome for that law enforcement partner, with feedback indicating an extensive inventory of weapons and other items potentially harmful to the community were recovered.

- We continued to identify, analyse and report on high priority matters to the Australian Government's response to countering cybercrime. This included referrals of instances of Australian victims making payments in Bitcoin to previously unknown ransomware cryptocurrency wallets. Such referrals support the Australian Government in understanding the ransomware threat actors targeting Australia and identifying previously unknown victims. AUSTRAC also continues to work closely with the private sector and law enforcement to ensure fraudulent gains are not made available to the perpetrators. AUSTRAC detected persons in Australia receiving the proceeds of cryptocurrency investment scams. We also identified previously unknown vendors selling illegal goods and services on the darknet, then attempting to cash out the proceeds via cryptocurrency. Such identifications were referred to the relevant police jurisdiction, and in some instances formed a substantial element of the relevant investigation.
- A proactive referral to AFP Task force Vanguard² in November 2021 led to the AFP arresting two parties and seizing over \$500,000.
- Through data matching against AUSTRAC holdings, a NSW-based individual was referred to the AFP and the Department of Home Affairs in January 2021. Further target development by those agencies resulted in a formal referral to NSW Police in August 2021, and operational activity on 24 February 2022. NSW Police reported the seizure of 3D printed firearms/ parts, unfinished firearms barrels, a firearms suppressor, gel blaster/airsoft weapons, a replica pistol, chemicals and instructional material consistent with firearms and explosives manufacture.

2 For more information on the various task forces AUSTRAC is a member of, see measure 2.6.

AUSTRALIAN SANCTIONS AND FINANCIAL ACTIONS AGAINST RUSSIA

During the reporting period we established Operation Scar to coordinate AUSTRAC's response to autonomous sanctions against Russia and Belarus following the Russian invasion of Ukraine. Operation Scar established a monitoring system for sanctioned entities and suspicious transactions related to illicit Russian financing that may support the invasion and the evasion of sanctions. Operation Scar shared referrals based on suspicious transaction reporting, as well as from domestic partner agency disclosures. An example of the value of AUSTRAC's referrals is one particular referral which highlighted the ownership chain and financing associated with a high-value asset ultimately owned by a sanctioned individual. AUSTRAC received excellent feedback from partner agencies in relation to this referral, with one partner using the information in the referral to produce a subsequent product which built on AUSTRAC's analysis to create a wealth profile of the sanctioned individual.

Operation Scar has supported and driven Department of Foreign Affairs and Trade (DFAT)-led inter-agency engagement through the sanctions compliance monitoring working group. The group was established to enable domestic coordination and prioritisation of asset identification and sanctions evasion intelligence sharing. Partner feedback confirmed AUSTRAC's role in this working group has strongly supported whole-of-government priorities.


BETTER TRANSACTION REPORTS LEADING TO ACTIONABLE REFERRALS OF AUSTRAC INTELLIGENCE

A core component of AUSTRAC's work is informing reporting entities of indicators of risks in their transactions so they know which transactions should be regarded of concern (as per their AML/CTF obligations) and be referred to AUSTRAC. During the reporting period, Fintel Alliance was further able to demonstrate the ability to discover criminal risks through the domestic payment project. Through this project, the misuse of payment text fields in financial transactions was identified as a method of criminal communication or abuse. Fintel Alliance developed a financial crime guide to highlight the risk presented by the advancement in technology and provide a key word dataset for industry to identify suspicious communication in financial transactions. The dataset has been used by financial institutions to profile transactions and, escalate transactions that warrant investigation and reporting to AUSTRAC.

Increased intelligence reporting resulted in two arrests due to intervention order breaches. Intelligence briefs were developed for future law enforcement awareness, and welfare checks undertaken on recipients and in some instances, senders where suicide and/or self-harm were referenced.



DISCOVER - AUSTRAC identifies criminal risks to Australia’s financial system.

Performance measure: 1.2. Number of instances when AUSTRAC’s identification of a new theme, threat or use of technology has provided stakeholders with intelligence of value to them, annually.		Result
Target: Establish a baseline	Source: AUSTRAC Corporate Plan 2021-25 p35 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Achieved 29

During the reporting period, AUSTRAC received 177,253,546 transaction reports³ from the thousands of entities we regulate. As discussed in measure 1.1., to derive actionable intelligence from this data, AUSTRAC first uses profiles and business rules to detect transactions indicative of criminal activity, with the outcomes of those profiles and rules then reviewed by our highly skilled financial intelligence analysts. We invest in our strategic financial analysis capabilities to enable the discovery of new and emerging risks and threats to our financial system. This includes empowering our analysts to undertake innovative research and analytics to study anomalies in our data, and experiment with diverse and dynamic variants of known risks and trends. It is the identification of new themes, threats or uses of technology in those millions of transaction reports by our strategic financial analysis capabilities—and sharing this knowledge with stakeholders via our intelligence products—that goes directly to the objective of our Discovery pillar.

In 2021-22, there were 29 instances when AUSTRAC’s identification of a new theme, threat or use of technology provided stakeholders with intelligence of value to them. These products were disseminated to a variety of stakeholders, primarily domestic law enforcement agencies, the Australian Criminal Intelligence Commission (ACIC) and Department of Home Affairs, including the Australian Border Force (ABF).

³ Comprises SMRs, TTRs, IFTIs and CBMs (cash and/or bearer negotiable instruments).

For the purposes of this measure, 'new theme, threat or use of technology' was defined as themes, threats or applications of technology not previously identified and reported to partner agencies by AUSTRAC. Stakeholders were partner agencies who had received notification (via a product) from AUSTRAC of a new theme, threat or use of technology. To determine the results, we determined those products identifying a new theme, threat or use of technology (as the relevant system enables analysts to 'select' when the relevant product identified a new theme, threat or use of technology).⁴ Towards the end of the reporting period, the relevant analyst asked at least one primary external stakeholder if their particular product was of value to that stakeholder. Analysts provided responses to 29 of the 36 products in scope. In all 29 instances the product was reported to be of value to the stakeholder. As this was the first year we have used this measure, we took the result of 29 as the accepted baseline for 2021-22 (noting a new measure and target is adopted from 2022-23, as shown in our corporate plan 2022-26).

Using this measure over the past 12 months, we identified a number of limitations. We did not define the term 'value' for the specific reason that value can mean something different to each stakeholder. This does, however, mean we find it difficult to determine if we are having the impact we are seeking; that is, ultimately the identification and disruption of crime. As a result, we have

tightened this measure to clarify its intent in our corporate plan 2022-26; that is, that one or more partner agencies have confirmed the product has generated an outcome (with 'outcome' defined).

Determining which specific products have identified new themes, threats or uses of technology is dependent on the respective analyst 'selecting' the functionality. This was a new functionality introduced in the early part of the reporting period, although not immediately made use of by all analysts, which has likely impacted this year's total. We will continue to educate our analysts on the need to select this functionality when appropriate. As our analysts' understanding of this measure—and the need to record all such instances—matures, we expect this aspect of data capture to improve.

As per measure 1.1., a current and future limitation in calculating this measure is that the system used to capture our data is a live system and can be updated by product owners at any time. Thus a search run on one day may have different results to a search run on a different day, despite using the same parameters. We accept this limitation noting we are balancing the costs of system changes with the associated benefit. We seek to minimise this limitation by capturing a screenshot of the relevant data (from the source) on the day the results are recorded.

4 In the 2021-22 financial year, AUSTRAC identified a new theme, threat or use of technology in 36 products.

AUSTRAC IDENTIFICATION OF NEW THEMES, THREATS OR USES OF TECHNOLOGY

During 2021-22 AUSTRAC developed products on topics of new themes, threats and uses of technology. This included: the importation and cultivation of illicit substances, the involvement of professional sportspersons in a betting syndicate, GST refund fraud, the use of cryptocurrency to purchase child sexual exploitation material and money laundering through cryptocurrency ATMs. Other examples include the following.

- Terra collapse – In response to the collapse of the largest algorithmic stablecoin, TerraUSD, AUSTRAC analysed the implications for future criminal use of stablecoins and other cryptocurrencies. Our report highlighted the benefits and risks of criminal use of stablecoins and identified the likely future displacement of criminality in the cryptocurrency market. AUSTRAC shared the report with the AFP, ACIC, Office of National Intelligence (ONI), Defence Intelligence Organisation, Department of Home Affairs and the Prime Minister's Office (as well as international partners), to enhance National Intelligence Community (NIC) and government understanding of the emerging threat of criminal exploitation of cryptocurrencies. The AFP and ONI provided positive feedback on the product, with the AFP noting AUSTRAC's unique position to analyse cryptocurrency markets at the strategic intelligence level.
- Mobile money in the Pacific – Following receipt of new information from the Fijian FIU, AUSTRAC developed a paper that highlighted the increasing availability of mobile money services across the Pacific. We assessed the extent of criminal exploitation and extrapolated implications for Australian interests. This is an issue Australian government partners had limited knowledge of, and the ABF provided formal feedback saying the paper improved its understanding and knowledge of the topic. The AFP returned similar, informal feedback and expressed interest in a 'deeper dive'. The paper will be used to inform a regional risk assessment of mobile money currently being led by New Zealand through the Pacific Financial Intelligence Community.
- IMVE leads generation - AUSTRAC generated new and previously unknown IMVE leads in collaboration with partner agencies. This supplied information to state and federal law enforcement and supported operations. It included intelligence in relation to: suspected terrorist sympathisers; an individual displaying IMVE-related transaction indicators and increased online white supremacist rhetoric; and known IMVE entities subject to ongoing investigations. One report relating to purchases of concern made by an individual, previously known to Victoria Police, provided sufficient details for law enforcement to obtain preventive firearms search warrants against the individual in response to the changing threat picture.

- Italian organised crime – AUSTRAC network generation work conducted for the AFP regarding Italian organised crime found a method of obscuring ownership and control of companies via partnerships. The AFP confirmed this work generated additional leads.
- Child sexual exploitation – AUSTRAC identified the use of a new payment platform exploited by child sex offenders. A network of underage Australia-based entities used the platform for the sale of self-produced or coerced child sexual exploitation material to adult purchasers. This methodology was shared at the Fintel Alliance Child Exploitation Working Group and generated further lines of effort and engagement with industry. In addition, AUSTRAC reporting disseminated to the Australian Centre to Counter Child Exploitation initiated an investigation into persons of interest transferring funds to minors for the likely purchase of child sexual exploitation material.
- Operational support to Serious Financial Crime Task force (SFCT) - During the reporting period, AUSTRAC was alerted to a US Internal Revenue Service information report identifying a USA-based company selling passports in tax havens to citizens in the USA, United Kingdom, Canada and Australia, via cryptocurrency. AUSTRAC reviewed our holdings and identified a likely match to the US-based company and an Australian national who had recently sent funds to the entity. AUSTRAC proactively conducted further transactional analysis and produced a report, which concluded that the Australia-based entity may be using the services to avoid paying tax. Additional analysis identified the Australian was involved in a variety of business activities related to cryptocurrency and had an association with the US company owner. AUSTRAC disseminated a further report to domestic partner agencies in relation to this. The ATO's Transnational Crime Program provided positive feedback in response to this report, indicating it was a timely and high quality assessment that would inform the ATO's analysis of tax risks. The ATO requested the product be disseminated to the Joint Chiefs of Global Tax Enforcement (J5).⁵

5 This group brings together the leading tax, offshore tax evasion, cryptocurrency and cyber experts from Australia, the United Kingdom, the United States, Canada and the Netherlands.



DISCOVER - AUSTRAC identifies criminal risks to Australia's financial system.

Performance measure: 1.3. Number of financial intelligence exchanges with foreign FIUs, annually.		Result
Target: Not practicable to set a target	Source: AUSTRAC Corporate Plan 2021-25 p35 Portfolio Budget Statements 2021-22, Program 1.1. p195	No target 1,140

To combat money laundering and terrorism financing across borders, AUSTRAC shares information and intelligence with FIUs from around the world. Sharing information and intelligence between foreign FIUs is an important means of discovery as no one agency has access to all relevant data. To enable this sharing, we negotiate written agreements (exchange instruments) with each foreign jurisdiction or organisation.⁶ These agreements, including memorandums of understanding (MOUs), set out the framework for how AUSTRAC will exchange information with that particular jurisdiction or organisation. As at the end of this reporting period, AUSTRAC had 97 active MOUs with FIUs.⁷

During 2021-22, 1,140 financial intelligence exchanges were made with foreign FIUs.

For the purposes of this measure, financial intelligence exchanges consisted of:

- incoming Requests for Information (RFI) – requests for AUSTRAC information received from overseas FIUs.
- outgoing RFIs – requests for financial intelligence to overseas FIUs made on behalf of AUSTRAC and our partner agencies.
- incoming spontaneous disclosures – spontaneous disclosures of financial information received from overseas FIUs.
- outgoing spontaneous disclosures – spontaneous disclosures of AUSTRAC and Australian partner agency information sent to overseas FIUs.

⁶ A further alternative exchange mechanism is the acceptance of formal undertakings – these are available to assist with the exchange of information in the absence of an exchange instrument and are arranged on a case-by-case basis.

⁷ AUSTRAC had an additional five Regulatory MOUs (which also involve the exchange of intelligence) but not with FIUs.

- other exchanges – responses to original requests (RFI outgoing response from FIU and RFI incoming response to FIU) and AML/CTF Act section 49 and section 167 notices (formal requests made by AUSTRAC to reporting entities for information or documents; such notices can be issued on behalf of international partner agencies if the request relates to a specific investigation the partner is undertaking).

The subject matter of exchanges made over the past 12 months covered AUSTRAC’s enduring intelligence priorities, as well as reporting on more recent, specific themes.

- In responding to the sanctions against Russia and Belarus following the Russian invasion of Ukraine. To support a coordinated international approach, AUSTRAC joined the Russia-Related Illicit Finance and Sanctions FIU Working Group. The group brings together FIUs that have extensive experience collaborating on financial intelligence matters and will enable the effective focussing and coordination of the group’s efforts.
- AUSTRAC-led projects that drew on our international exchange mechanisms, included the following.
 - International Financial Action Strike Team (IFAST) pilot – the pilot will expedite and increase rapid sharing of financial intelligence among Five Eyes FIUs and their respective law enforcement and intelligence partners to support disruption

efforts. IFAST focuses on high priority transnational investigations, with two working groups established to focus on professional money launderers and online child sexual exploitation. AUSTRAC co-chaired the Professional Money Launderers working group with the US FIU, the Financial Crimes Enforcement Network (FinCEN). Pending the successful completion of the 12 month pilot, additional working groups will commence and membership may be expanded.

- Pacific Financial Intelligence Community Multilateral Intelligence project – with participants from AUSTRAC, Fiji’s FIU and New Zealand’s FIU, this activity (run in conjunction with Pacific law enforcement including the AFP), focused on a funds flows linked to an outlaw motorcycle gang operating a narcotics syndicate in Fiji, targeting Australia and New Zealand.

Table 3: Top five countries by exchange volume

Country	Number of exchanges
United Kingdom	217
USA	129
New Zealand	109
Canada	59
Malaysia	37

Using this measure over the past 12 months, we have identified several limitations. It is quite difficult to demonstrate a 'good' result noting the actual result is dependent on many factors beyond AUSTRAC's control. Global factors impact our operational environment and counterpart FIUs, making requests of AUSTRAC, have changing priorities as a result of changing criminal and security threats. For example, changes in the geopolitical environment several years ago, in particular the lessening of the focus on Islamic State of Iraq and the Levant foreign fighters, saw a reduction in reporting by AUSTRAC and other FIUs on this and related topics. A simple count of exchanges does not provide AUSTRAC with information that to help inform strategic decision-making. As such, we decided to replace this measure with one that captures the percentage of exchanges that are with prioritised FIUs. While exchanging information and intelligence with all international FIUs is an important means of contributing to the discovery effort (and we will continue to exchange with all our partner FIUs), we have prioritised specific partners. It is with those partners that we are focusing a significant amount of effort. This new measure will be a means of demonstrating both the output and outcome of this effort.

A current and future limitation in calculating this measure is that the system used to capture our data is a live system and can be updated by product owners at any time. A search run on one day may have different results to a search run on a different day, despite using the same parameters. We accept this limitation noting we are balancing the costs of system changes with the associated benefit. We seek to minimise this limitation by capturing a screenshot of the relevant data (from the source) on the day the results are recorded.

FINANCIAL INTELLIGENCE EXCHANGES INFORMING JOINT TERRORISM FINANCING OPERATION WITH PARTNER FIUS

During the reporting period, AUSTRAC worked with regional FIUs on a joint operation targeting a high-risk charity suspected of supporting terrorism financing. The FIUs shared financial intelligence and operational analysis on related suspicious international funds flows and identified a link to another jurisdiction. This resulted in additional information being requested from that jurisdiction. The matter also drew on AUSTRAC's deployed officer network and Australian and regional law enforcement agencies.



UNDERSTAND - AUSTRAC develops and shares a comprehensive understanding of vulnerabilities to criminal exploitation within Australia's financial system.

Performance measure:

2.1. Number of instances a published guidance product was accessed and downloaded from our website by individual external audience members and direct email recipients, within three months of publication, per product.

Result

Target:

Average 950 downloads per individual product published in the period

Source:

AUSTRAC Corporate Plan 2021-25 p36
Portfolio Budget Statements 2021-22,
Program 1.1. p195



Achieved
1,116

AUSTRAC educates our regulated population, including through publishing guidance products to assist them to meet their compliance and reporting obligations. This guidance draws on information reported to AUSTRAC and insights gained through our intelligence function. Throughout 2021-22, in response to increased demand and appetite from industry for greater prescriptive guidance, particularly in response to recent enforcement action, AUSTRAC enhanced our development and publication of detailed regulatory guidance.

To tailor our technical guidance material to the needs of reporting entities, the material is developed in consultation with our regulated population, focussing on key compliance and reporting obligations under the AML/CTF regime. AUSTRAC's guidance is designed to enhance industry's understanding of their legal obligations under the AML/CTF Act and Rules, and incorporates worked examples to assist reporting entities understand how to apply or administer the obligation.

We also publish a range of other guidance products, such as financial crime guides and risk assessments, which assist our regulated population to better identify, understand and mitigate new and emerging money laundering and terrorism financing techniques. These guidance products highlight the changing nature of the risk environment and areas of vulnerability. They also include case studies, risk insights and red flag indicators to assist reporting entities to develop appropriate systems and controls to combat illicit activities, and report suspicious matters to AUSTRAC.

In this reporting period, AUSTRAC established the Advice and Guidance Working Group, which brings together representatives from across the agency. This ensures industry needs are identified, prioritised and coordinated across AUSTRAC in accordance with the agreed Advice and Guidance Content Model.

During 2021-22, AUSTRAC published 21 guidance products, with an average of 1,116 downloads in the three-month period following the release date of the relevant product.

As per our internal control documentation, micro targeted products (for example, guidance and advice published in foreign languages, or for specific and/or small industry sub-sectors), or those not supported by a communications campaign, were not included in the definition of a guidance product for the purposes of this measure. The time period of 'within three months of publication' was adopted noting we would expect to see most interest in a product occur shortly after it was released and promoted to the target audience. While some members of our target audience may access guidance material many months after its publication, we do not believe it would be a sufficiently large enough percentage of the population to warrant monitoring downloads over an extended period of time.

Table 4: 2021-22 Published guidance product unique access and download counts at three months

Guidance product	Release date	No. of times accessed / downloaded three months after release date
Risk management methodology fact sheet	3 August 2021	135
International funds transfer instructions (IFTIs) for remittance service providers	3 August 2021	112
Identifying individual customers	3 August 2021	103
Suspicious matter reports (SMRs) for remittance service providers	3 August 2021	89
Mandatory Personal ID check poster	3 August 2021	72
Banking key findings snapshot	6 September 2021	754
Banking key findings overview	6 September 2021	1,484
Foreign banks risk assessment	6 September 2021	861
Foreign subsidiary banks risk assessment	6 September 2021	606

Guidance product	Release date	No. of times accessed / downloaded three months after release date
Other domestic banks risk assessment	6 September 2021	939
Major banks risk assessment	6 September 2021	1,928
The geographical link requirement	18 October 2021	1,833
Financial Crime Guide - Preventing misuse and criminal communication through payment text field	19 November 2021	1,368
Financial Crime Guide – Preventing the exploitation of emergency and disaster support payments	8 December 2021	857
Pubs and clubs with gaming machines Regulatory Guide	15 December 2021	1,422
Carrying out applicable customer identification after commencing to open a bank account	17 December 2021	1,373
Detecting and stopping forced sexual servitude in Australia	4 February 2022	1,496
Detecting and stopping ransomware payments	21 April 2022	1,267*
Preventing the criminal abuse of digital currencies	21 April 2022	1,475*
Moving money across international borders	17 June 22	4,715*
Reporting multiple cash transactions	27 June 22	555*

* As at 30 June 2022, noting the three-month maturity period for this product extended beyond the end of the 2021-22 financial year.

PUBS AND CLUBS WITH GAMING MACHINES REGULATORY GUIDE

Regulatory guides provide detailed information about the compliance requirements for the provision of designated services regulated by AUSTRAC. The Pubs and clubs with gaming machines Regulatory Guide was developed for pubs and clubs who have entitlements under licence to operate electronic gaming machines. As outlined elsewhere in these statements, in particular measure 3.3., AUSTRAC uses a variety of methods to identify non-compliance with the AML/CTF regime, and then seeks to improve that compliance through various means, including education. This is an example of a guidance product targeted at a specific industry. This product was part of a nationwide education program (see measure 2.3. for further information).

SUPPORTING OUR MULTICULTURAL COMMUNITY

We do everything we can to make our guidance accessible to everyone. This includes ensuring small businesses, sole traders and the wider community from a non-English speaking background understand their AML/CTF obligations. On 3 August 2021, we published a series of fact sheets and posters in seven languages: Arabic, Mandarin, Dari, Farsi, Swahili, Urdu and Vietnamese. The topics included mandatory personal ID checks, SMRs for remittance service providers, and IFTI instructions for remittance service providers. While downloads of these products are not comparable to those products in table 4, they were accessed by multiple users.

COMMUNICATING WITH INDUSTRY

Our reporting entities are the front line of defence against money laundering and terrorism financing. To help them do this and protect the financial sector from criminal abuse, we use a range of communication channels to provide important news, information, guidance materials and resources.

AUSTRAC website - In 2021-22, the AUSTRAC website (www.austrac.gov.au) had more than 2 million unique page views demonstrating its importance as a key communication channel for our audiences and reporting entities to access guidance and information. The sections of our website providing information on compliance, reporting and industry-specific guidance together accounted for more than 520,000 unique page views. User feedback on the helpfulness of our guidance web pages was positive. We use feedback to regularly improve and update our website, and inform our guidance products and communications.

Email campaigns – We use tailored email campaigns to inform the industries we regulate, as well as industry associations, about key guidance updates and information relevant to them. During 2021-22, we sent more than 120 bulk emails to target audience sectors advising of our latest risk assessments, financial crime guides, new guidance, induction program invitations, guidance on legislative changes and more. Our email campaigns consistently received high engagement rates when compared against financial services and government campaign benchmarks.


AUSTRAC InBrief - Our quarterly industry newsletter keeps regulated businesses and subscribers informed about latest guidance updates and key information. Across the reporting period, InBrief consistently received high engagement rates when compared against financial services and government campaign benchmarks and saw a 94% increase in the number of subscribers.

Media - We publish news articles on our website and work with journalists to answer their queries to help increase understanding of our work and the important role of industry in combatting financial crime. In 2021-22, we responded to 101 media enquiries, published 11 media releases, and regularly contributed to joint media releases issued by our partners when AUSTRAC supported law enforcement and other operational outcomes.

Social media - We continued to use social media to enhance our reach across our audiences, particularly through LinkedIn and Twitter, issuing 105 social media posts in 2021-22.



UNDERSTAND - AUSTRAC develops and shares a comprehensive understanding of vulnerabilities to criminal exploitation within Australia’s financial system.

Performance measure: 2.2. Percentage of event/workshop attendees/e-learning participants who report a MODERATE (or higher) improvement in their understanding of the AML/CTF obligations as a result of their attendance/completion, annually.		Result
Target: 70%	Source: AUSTRAC Corporate Plan 2021-25 p36 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Achieved 86%

In early 2021, AUSTRAC launched an induction program to introduce new reporting entities to AML/CTF compliance. These workshops are designed for businesses from a range of industries who have enrolled or registered with AUSTRAC in prior months and who have little understanding of their obligations. The program consists of three workshops:

- AML/CTF fundamentals: an overview of the AML/CTF framework and program requirements such as customer identification procedures, ongoing customer due diligence and transaction reporting.
- Risk assessments: an in-depth look at how reporting entities can identify, mitigate and manage their money laundering and terrorism financing risks, and how to conduct an ML/TF risk assessment.
- Quality reporting: a detailed explanation of reporting obligations and why they are important, including tips on what high-quality reporting looks like and what to avoid.

At the end of each workshop a survey is provided seeking feedback on whether, as a result of their attendance, participants’ understanding of AML/CTF obligations has improved.

During the reporting period, AUSTRAC held 21 virtual workshops. Of respondent workshop participants, 86% (222 of 257) reported a MODERATE (or higher) improvement in their understanding of AML/CTF obligations as a result of their attendance. On the six-point scale used, ratings of MODERATE (or higher) represented the top three positive responses.⁸

Feedback from participants was largely positive:

- 'I have extensive experience with AML/CTF, so while the webinar did not produce anything new, it was useful and it is always great to have a refresher. The content was well thought out and the presentation was engaging'
- 'Well done, great to see a regulator being so productive and helpful'
- 'The content was aimed at the introductory level and it was a good introduction'
- 'An informative and practical session from AUSTRAC. Most valuable on a number of fronts and looking forward to the upcoming more detailed sessions'
- 'The webinar was useful to confirm my understanding/interpretation of our obligations under the Act, and gave comfort that our risk assessment is fit for purpose'
- 'The presenters were great'
- 'Keep up the good work engaging with users'
- 'The attitude of the presenters was amazing. Aiming to answer queries from the audience rather than deflect or say too hard/get independent advice. Its evidence of a great culture in assisting people to improve compliance rather than us/them culture that is counterproductive. Thank you'
- 'I was very impressed with both presenters, they knew the content extremely well and worked well together'
- 'I have been doing financial services for 30+ years and am doing the course because I am getting my own AFSL. Top effort guys, keep it up'
- 'Great job and a very helpful Q&A session. I thought this made AUSTRAC very accessible and approachable'
- 'A very good series of webinars. Thank you'
- 'I thought the presentation was very good. You pitch it at the right level given the key messages you are making and the time you have'
- 'It was a very good session'


A small number of attendees have expressed disappointment with the workshops, including one indicating they were disappointed AUSTRAC could not provide legal advice.

Feedback has been used to adapt the workshop content and our style, to improve overall delivery.

⁸ A six-point scale was used rather than the seven-point scale referred to in AUSTRAC's 2021-25 Corporate Plan. 6 = Extreme improvement in understanding; 5 = Significant improvement in understanding; 4 = Moderate improvement in understanding; 3 = Slight improvement in understanding; 2 = Low improvement in understanding; 1 = No improvement in understanding.



UNDERSTAND - AUSTRAC develops and shares a comprehensive understanding of vulnerabilities to criminal exploitation within Australia’s financial system.

Performance measure: 2.3. Percentage of industry associations representing AUSTRAC’s reporting entities who report a MODERATELY (or higher) rating on the usefulness of AUSTRAC’s guidance materials, annually.		Result
Target: 70%	Source: AUSTRAC Corporate Plan 2021-25 p36 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Achieved 100%

Reporting entities serve as the first line of defence in protecting the financial system from criminal abuse. The AML/CTF legal framework adopts a risk-based and principles-based approach to regulation. It places the onus on reporting entities to apply their resources in the most efficient and effective manner to identify, mitigate and manage their ML/TF risk. Through guidance, outreach and communications, AUSTRAC seeks to build reporting entity understanding of their AML/CTF obligations and the risks they face. In addition to the guidance products discussed under measure 2.1., and the induction workshops discussed under measure 2.2., AUSTRAC provides guidance in other ways, including:

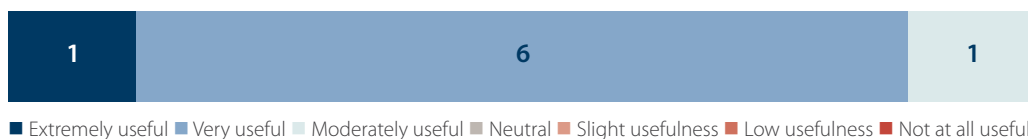
- orally and in writing by our Contact Centre
- presentations to support industry groups and associations at their workshops, seminars and conferences
- face-to-face workshops
- interaction with reporting entities through our supervisory activities
- one-to-one guidance to reporting entities, related to a specific issue.

In some instances, guidance is developed in response to feedback—for example, during 2021-22 we published guidance to assist reporting entities with SMR reporting procedures when the customer is a victim of crime. This was in response to identified questions and inconsistencies among reporting entities. In other instances, guidance is pre-emptory—for example, we published guidance to assist reporting entities with understanding the new AML/CTF Rule relating to opening accounts prior to undertaking customer due diligence.

In developing guidance AUSTRAC works constructively and collaboratively with key industry bodies to assist the regulated population meet their AML/CTF obligations. The Australian Banking Association (ABA) and the Australian Financial Markets Association (AFMA) are two key industry bodies who, during the reporting period, actively contributed to the development of AUSTRAC guidance (see measure 3.4. for further information on such collaboration).

A stakeholder feedback survey found that all eight (100%) respondent industry associations representing AUSTRAC’s reporting entities assessed the usefulness of AUSTRAC’s guidance materials to be MODERATELY useful or higher. On the seven-point scale used, ratings of MODERATELY useful (or higher) represented the top three positive responses.⁹

Figure 1: Usefulness of AUSTRAC’s guidance materials (number of respondents)



AUSTRAC commissioned an external provider to develop a stakeholder feedback survey, and report the results. AUSTRAC surveyed 18 industry associations representing our reporting entities, with multiple contacts identified at some associations. The industry associations’ surveyed cover AUSTRAC’s reporting entities in both breadth and depth.

While response rates were lower than desirable (with 22 per cent of the 37 contacts responding), we are dependent on the willingness of stakeholders to participate in our survey, and to maximise participation we extended the survey closure date and issued reminders to stakeholders. We note the response rate to this survey is similar to surveys previously undertaken by AUSTRAC for the purposes of the former Regulator Performance Framework Self-Assessment.

⁹ 7 = Extremely useful; 6 = Very useful; 5 = Moderately useful; 4 = Neutral; 3 = Slight usefulness; 2 = Low usefulness; 1 = Not at all useful.

NATIONWIDE EDUCATION PROGRAM FOR PUBS AND CLUBS

During the reporting period, AUSTRAC undertook a nationwide education program for pubs and clubs, which involved visiting 240 venues. These visits covered 420 reporting entities and 690 venues across the country (noting the same personnel may operate multiple reporting entities, with some reporting entities having multiple venues). We also presented to industry associations from the sector, and their members, to raise awareness. These visits provided direct engagement to complement AUSTRAC guidance circulated across the sector in December 2021 (see measure 2.1.).

This campaign resulted in a significant increase in pubs and clubs’ awareness of AML/CTF obligations, as evidenced in the impact made to the volume of SMRs. The SMRs reported during the four-month period of the campaign (1 March to 30 June 2022) more than doubled compared to the average annual SMR reporting volume by the industry in the pre-COVID period. The campaign period also saw a significant increase in the number of pubs and clubs that reported SMRs. This reinforces AUSTRAC’s ability to generate financial intelligence through regulatory activities.



UNDERSTAND - AUSTRAC develops and shares a comprehensive understanding of vulnerabilities to criminal exploitation within Australia’s financial system.

Performance measure:

2.4. Number of intelligence products published and/or disseminated, annually.

Result

Target:

Not practicable to set a target

Source:

AUSTRAC Corporate Plan 2021-25 p36
Portfolio Budget Statements 2021-22,
Program 1.1. p195

No target.
1,010

As Australia’s FIU, AUSTRAC develops targeted intelligence products to contribute our unique data and analytical expertise to enable domestic law enforcement and national security partners to investigate and prosecute serious criminal activity. As a member of the global effort to counter serious crimes that do not recognise borders, AUSTRAC also provides intelligence products to international partners. We use financial intelligence to ensure partner agencies and stakeholders understand the vulnerabilities and threats. Through the sharing of our information and intelligence, AUSTRAC contributes to a secure financial system.

During the reporting period, AUSTRAC published¹⁰ and/or disseminated¹¹ 1,010 products¹², of which around 60 per cent were released to domestic partners and just under 40 per cent were distributed to international partners. These products reported on topics including money laundering, terrorism financing, IMVE indicators, cybercrime, and child sexual exploitation.

Table 5: AUSTRAC product type publication/dissemination volume

Type of intelligence product	Description	No. of product published/disseminated
Operational intelligence report	<ul style="list-style-type: none"> • Explore trends and methodologies • Discuss consolidated activity • Inform operational decisions 	16
Tactical intelligence report	<ul style="list-style-type: none"> • Develop leads to inform operations • Targeted and actionable 	373
Information report	<ul style="list-style-type: none"> • Provide raw information • Include limited assessment 	564
Intelligence brief	(similar to information reports, this report type was removed from AUSTRAC's product suite in 2021-22)	13
Indicators report	(similar to threat alerts, this product type was removed from AUSTRAC's product suite in 2021-22)	17
Methodology	(similar to Financial Crime Guides, this report type was removed from AUSTRAC's product suite in 2021-22)	1

10 Published on the AUSTRAC website.

11 Shared with a limited group of stakeholders and not published on AUSTRAC's website.

12 For the purposes of this measure, intelligence product was defined as including operational intelligence report, tactical intelligence report, information report, intelligence brief, indicators report, methodology, strategic intelligence report, financial crime guide, threat alert, case study and risk assessment.

Type of intelligence product	Description	No. of product published/ disseminated
Strategic intelligence report	<ul style="list-style-type: none"> • Focus on the future • Discuss implications • Contextualise analysis 	14
Financial crime guide	<ul style="list-style-type: none"> • Discuss how to identify specific criminal activity • Primarily written for the private sector • Explains patterns and indicators 	5
Threat alert	<ul style="list-style-type: none"> • Discuss how to counter a specific threat • Provides indicators and how to disrupt • Written for Fintel Alliance members 	4
Case study	(similar to threat alerts, this type was removed from AUSTRAC's product suite in 2021-22)	1
Risk assessment	<ul style="list-style-type: none"> • Examine threats and vulnerabilities • Focus on specific issues and sectors • Includes numerous sources, including industry insight 	2

Of the products disseminated to domestic partners, tactical intelligence reports accounted for 54% and information reports accounted for 40%. By comparison, 87% of products disseminated to international partners were information reports and 7% were tactical intelligence reports. A contributing factor to the discrepancy between report types for domestic and international partners is the amount of intelligence value that AUSTRAC can add to the relevant information. Often, international requests for information contain limited detail, and focus on entities either not known to Australian authorities or with minimal presence in Australia. In these cases, AUSTRAC is limited by the information available, which is usually not enough to make intelligence assessments worthy of an intelligence report, so an information report is prepared instead. The opposite is true for reports written for domestic partners.

Using this measure over the past 12 months, we have identified several limitations. While it is an output measure, and does provide some insights into our level of effort in this space, it was not practical for us to set a target (doing so could potentially lead to ‘gaming’ of the measure), and it did not sufficiently demonstrate the value of our work. Simply publishing products does not mean achievement of the impact sought. It is for this reason we decided to change this measure to a quality of product measure (through a sampling of products against standards) that will help AUSTRAC to demonstrate the reliability and integrity of our advice. This is critical if we want to maintain our stakeholders’ confidence in our capabilities.

A current and future limitation in calculating this measure is that the system used to capture our data is a live system and can be updated by product owners at any time. A search run on one day may have different results to a search run on a different day, despite using the same parameters. There were also data inaccuracies this year stemming from how the products were recorded in the system. While we accept the limitation of a live system noting we are balancing the costs of system changes with the associated benefit. We seek to minimise this limitation by capturing a screenshot of the relevant data (from the source) on the day the results are recorded. We also introduced changes to address these limitations specifically in relation to products. From 1 July 2022, the dissemination of all AUSTRAC-branded intelligence products will be made by one team, which will also be responsible for recording all the relevant data (previously, analysts/teams disseminated their

own products). This centralisation should improve the accuracy of our data associated with the dissemination of AUSTRAC intelligence products.

INTELLIGENCE PRODUCTS PUBLISHED DURING 2021-22

Intelligence product—proactive tactical intelligence, responses to requests for information or bespoke delivery solutions—published and/or disseminated by AUSTRAC during the reporting period included the following.

- **Falling use of cash** – This strategic assessment on the falling use of cash for transactional purposes found that the amount of cash hoarded by criminals is likely substantial. It assessed that the criminal cash economy will persist and highlighted steps that could be taken to disrupt exploitation of cash, including industry profiling and strategic analysis of AUSTRAC data. This report was produced in consultation with the Reserve Bank of Australia (RBA). It received significant traction with the RBA and ATO, and feedback from the chair of the Black Economy Standing Task force, who was ‘very impressed with the quality of the analysis AUSTRAC is undertaking’.
- **Trajectory of junkets** – This paper on the future trajectory of casino junkets provided an overview of domestic and international changes that will affect the future viability of Australia’s junket sector. The report also gave insights into the money laundering implications for

AUSTRAC and partner intelligence and law enforcement agencies arising from these changes.

- Financial crime guides – Two guides published during the year covered the topics of detecting and stopping ransomware and preventing the criminal abuse of digital currencies. The guides contained practical information and indicators to help businesses identify and report if a payment could be related to ransomware attacks, or someone could be using digital currencies to commit serious crimes including money laundering, scams, or terrorism financing.
- Money laundering via remittance – AUSTRAC analysis set out in a tactical intelligence report clarified the complexity of a transnational money laundering syndicate and its use of a remittance network to move cash proceeds. The AFP advised it is using this intelligence product to inform future operational activities.
- Cryptocurrency investment scam – An AUSTRAC tactical intelligence report provided an international law enforcement partner with key intelligence needed in the investigation of a subject within its jurisdiction who was responsible for cryptocurrency investment fraud targeting Australians.
- Suspicious activity in gold bullion – AUSTRAC was alerted to suspicious activity connecting two high-risk companies operating in the gold bullion sector. Proactive analysis identified a recurring pattern of suspicious activity

linked to the primary company, which was previously of interest to law enforcement partners. Further analysis identified that the recent link between the two companies was characterised by a significant spike in suspicious activity. AUSTRAC deemed this to be of particular interest to our partners and compiled a proactive tactical intelligence report. The product received positive feedback from ASIC, who indicated the report identified previously unknown information and links. AUSTRAC also received advice that the AFP High Volume Crime Team reviewed the product and was scoping the work for a potential investigation. The AFP later advised search warrants were executed and a person of interest was being examined for possible ML/TF offences.

- Laundering of drug trafficking proceeds – In September 2021, following a profile detection, AUSTRAC disseminated an information report to WA Police identifying the deposit of over \$380,000 (likely to be the proceeds of crime) to Melbourne precious metal dealers by two WA-based individuals. The WA Police Money Laundering Squad initiated an investigation and executed search warrants in November 2021 which identified the likely laundering of drug trafficking proceeds through the purchase of bullion. WA Police provided positive feedback regarding the timely dissemination of actionable intelligence facilitating law enforcement investigations.



UNDERSTAND - AUSTRAC develops and shares a comprehensive understanding of vulnerabilities to criminal exploitation within Australia's financial system.

Performance measure:

2.5. Percentage of stakeholders who report AUSTRAC's intelligence products had a MODERATE (or higher) level impact on their understanding of vulnerabilities in the financial system, annually.

Result

Target:

Establish a baseline

Source:

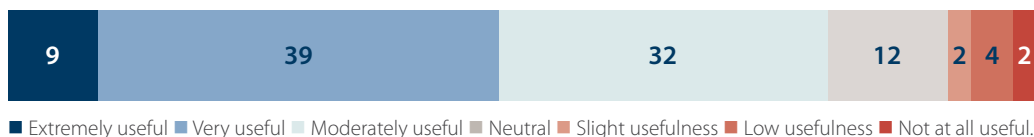
AUSTRAC Corporate Plan 2021-25 p36
Portfolio Budget Statements 2021-22,
Program 1.1. p195



Achieved
80%

Sharing AUSTRAC's knowledge and understanding of threats and risks of criminal exploitation within the financial system with partners and stakeholders is integral to achieving our purpose. As reported elsewhere in these statements, one means by which we share this understanding is through the development and dissemination of intelligence products.¹³ 80% of respondent stakeholders reported AUSTRAC's intelligence products had a MODERATE or higher level impact on their understanding of vulnerabilities in the financial system. As this is the first year we used this measure, we accepted the result of 80% as the baseline for 2021-22 and have taken this result into account in setting future targets (as shown in our corporate plan 2022-26).

Figure 2: Impact of AUSTRAC's intelligence products (%)



AUSTRAC commissioned an external provider to develop a stakeholder feedback survey, and report the results. We surveyed 72 partner entities, consisting of 30 domestic partner entities¹⁴ (with multiple contacts identified at some entities, noting AUSTRAC has multiple relationships at single entities, so 68 individuals were provided the survey), and 42 international partner entities.

¹³ For example, see measures 1.1., 1.2., 1.3., and 2.4.

¹⁴ These entities consisted of Australian federal government departments or agencies, Australian law enforcement agencies, Australian state or territory departments or agencies, Fintel Alliance members.

The stakeholders surveyed were recipients of AUSTRAC intelligence products,¹⁵ and, in relation to international partner entities, FIUs with which we had an MOU.¹⁶ On the seven-point scale used, ratings of MODERATE (or higher) represented the top three positive responses.¹⁷

In 2022, 56 stakeholders completed the survey consisting of 28 domestic and 28 international respondents. This provided an overall response rate of 51%, with domestic and international responses being 41% and 67% respectively. As with all surveys, we are dependent on the willingness of stakeholders to participate. To maximise participation we issued reminders to stakeholders. With more product disseminations being made to domestic than international partners through the financial year (see measure 2.4.), the response rates may be less representative of domestic stakeholder views than those of international stakeholders. The responses were anonymised to enable confidence in the survey process, and we are unable to develop any greater understanding of the impact the differing response rates may have had. We note that of the domestic stakeholder respondents, 89% reported AUSTRAC's intelligence products impacted their understanding of vulnerabilities (with no respondents reporting NO IMPACT).

STAKEHOLDER FEEDBACK ON AUSTRAC'S INTELLIGENCE FUNCTION

Stakeholders provided the following additional feedback:

- AUSTRAC received positive ratings in relation to stakeholders' satisfaction with AUSTRAC in our role as a provider of specialist financial intelligence (86% were 'satisfied' or 'very satisfied' on a five-point scale)
- nearly three-quarters of respondents (71%) find information from AUSTRAC's FIU 'extremely' or 'very' useful
- most stakeholders (93%) said AUSTRAC is 'always' or 'usually' willing to engage and share knowledge
- more than four in five stakeholders (84%) agreed AUSTRAC provides the information they need.


¹⁵ As defined under measure 2.4.

¹⁶ See measure 1.3. in relation to MOUs.

¹⁷ 7 = Extreme impact; 6 = Significant impact; 5 = Moderate impact; 4 = Neutral; 3 = Slight impact; 2 = Low Impact; 1 = No impact.



UNDERSTAND - AUSTRAC develops and shares a comprehensive understanding of vulnerabilities to criminal exploitation within Australia’s financial system.

Performance measure: 2.6. Number of task forces we are a member of, by AUSTRAC Intelligence Priority level, annually.		Result
Target: Establish a baseline	Source: AUSTRAC Corporate Plan 2021-25 p36 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Achieved 15

AUSTRAC contributes our financial intelligence and expertise to law enforcement and national security whole-of-government priorities through our active participation in multi-agency task forces. Throughout 2021-22, AUSTRAC was a member of 15 domestic task forces focused on serious and organised crimes including money laundering, countering foreign interference, fraud, child sexual offences and tax evasion. AUSTRAC contributed to task force investigations via intelligence reporting, specialist financial intelligence capabilities and out-posted analysts. AUSTRAC specialist advice and experience helped demonstrate to partners the nuances of international money flows, money movement in different countries and what may be considered normal or suspicious activity for a particular region. Such advice can save time spent pursuing false positives, and enable the discovery of new leads that may otherwise go undetected by untrained eyes. The combination of expert analysis and real-time advice is invaluable for stakeholders and deepening interagency relationships.

This measure was designed to count task force participation by priority level, to demonstrate that greater effort (via task force participation) was made towards higher priorities. Changes to AUSTRAC’s intelligence priorities through the reporting period, meant the original method could no longer be used. Notwithstanding this, during the reporting period, AUSTRAC was active in 15 multi-agency, multi-jurisdictional task forces focused on serious and organised crime and national security. Our participation in these 15 task forces reflects AUSTRAC’s contribution as a member of the Serious Organised Crime Coordination Committee (SOCCC) and commitments to the broader NIC. As this was the first year we have used this measure, we took the result of 15 as the accepted baseline for 2021-22, noting we will not use this measure from 2022-23 (see below for further information).

Table 6: AUSTRAC task force membership

Task force	Focus	Purpose of task force and summary of AUSTRAC activity
Operation Griffin	Crimes affecting the vulnerable (including child exploitation)	This task force was established to align the strategic approach to crimes affecting the vulnerable, including child exploitation. AUSTRAC supports the national strategy to disrupt child exploitation activity by working directly with the Australian Centre to Counter Child Exploitation and law enforcement to initiate and provide financial intelligence to locate offenders, victims, and networks, in addition to identifying emerging methodologies.
Operation Vitreus	Methylamphetamine	Established under the SOCCC for the National Law Enforcement Methylamphetamine Strategy. AUSTRAC uses financial intelligence to identify serious and organised crime groups potentially importing methylamphetamine and other illicit drugs. AUSTRAC disseminates intelligence identified by Vitreus monitoring profiles to law enforcement partners. In 2021-22 intelligence included detailing entities of interest conducting structuring, third party cash deposits and the online purchases of pre-cursor chemicals, lab equipment including glassware, vials and syringes.

Task force	Focus	Purpose of task force and summary of AUSTRAC activity
Operation Athena	Firearms	<p>Established under the SOCCC, the task force focuses on identifying transactions linked to the purchase of firearms-related materials. AUSTRAC analysts and data scientists collaborate with law enforcement agency firearms experts to refine the profiles that produce financial transaction alerts.</p> <p>AUSTRAC collaborated with the AFP Forensic Intelligence team and Home Affairs' Firearms Intelligence Team to proactively disrupt illicit firearm activity through the analysis of technical and financial data. AUSTRAC's key roles included data matching against our holdings and proactively referring suspected offenders to state/territory law enforcement agencies, reporting weekly and ad hoc as required. AUSTRAC's contribution was recognised through firearms discoveries via warrant action in NSW and other jurisdictions.</p>
Operation Morpheus	Outlaw motorcycle gangs (OMCGs)	<p>The task force was established to target OMCGs in Australia. AUSTRAC contributed to law enforcement efforts to increase understanding of the OMCG threat in our region. AUSTRAC analysed and disseminated intelligence identifying OMCGs' involvement in different means of money laundering, including via cryptocurrency.</p>
Operation Themis	Serious financial crimes including fraud, money laundering and corruption	<p>This SOCCC operation aligns the strategic approach to serious financial crimes. AUSTRAC attended regular task force meetings to support our contribution to Operation Themis.</p>

Task force	Focus	Purpose of task force and summary of AUSTRAC activity
Operation Ashiba	Fraud against Commonwealth programs	The operation was established to support and contribute to whole-of-government efforts to combat serious and organised crime exploiting Commonwealth funded programs and strengthen Commonwealth counter fraud arrangements.
Serious Financial Crime Task force (SFCT)	Serious and complex financial crime	The ATO-led SFCT is Australia's multi-disciplinary task force focused on serious financial crime. During the reporting period priorities included offshore tax evasion, illegal phoenix, cyber enabled tax crime against the tax and superannuation system and COVID-19 stimulus measures. AUSTRAC provides analysis, lead generation and financial intelligence expertise to generate actionable intelligence to task force members.
Phoenix Task force	Illegal phoenixing activity	This task force comprises 32 Commonwealth, state and territory government agencies providing a whole-of-government approach to combating illegal phoenixing activity—a term used to describe when a new company continues the business of an existing company that has been liquidated or otherwise abandoned to avoid paying outstanding debts.
Black Economy Standing Task force	Black economy	<p>This task force draws on expertise from across government to develop policies, reforms and enforcement to discourage people from entering the black economy—a term used to describe those who operate outside the tax and regulatory system.</p> <p>AUSTRAC provides analysis, lead generation and financial intelligence expertise to generate actionable intelligence to task force members.</p>

Task force	Focus	Purpose of task force and summary of AUSTRAC activity
Illicit Tobacco Task force	Illicit tobacco	<p>This task force protects Commonwealth revenue by targeting, disrupting and dismantling serious actors and organised crime syndicates that deal in illicit tobacco.</p> <p>AUSTRAC provides analysis, lead generation and financial intelligence expertise to generate actionable intelligence to task force members.</p>
Criminal Assets Confiscation Task force (CACT)	Money laundering	<p>The CACT was formed to enhance the identification and pursuit of potential criminal asset confiscation matters. The AFP-led CACT is a Commonwealth initiative dedicated to taking the profit out of crime by targeting criminals and their assets derived from criminal activity. The CACT brings together resources from the AFP, ACIC, ATO, AUSTRAC and ABF. AUSTRAC secondees in the CACT enable the AFP to increase investigation efficiency and AML/CTF knowledge.</p>
Task force Vanguard	Money laundering/ drugs	<p>Established to actively target organised crime networks and money laundering organisations enabling drug crime. The AFP brought the skills and resources of ABF and AUSTRAC members into the task force, complemented by strong collaboration and intelligence sharing with the ACIC, ATO, Department of Home Affairs, and US Homeland Security Investigations.</p> <p>AUSTRAC provides analysis, lead generation and financial intelligence expertise to generate actionable intelligence to support the seizure of cash and drugs.</p>
Counter-Foreign Interference Task force	Foreign Interference	<p>As a contributing agency, AUSTRAC generates financial intelligence relating to espionage and foreign interference, in support of discovery, lead generation and operations.</p>

Task force	Focus	Purpose of task force and summary of AUSTRAC activity
Operation Dolos	The threat of cybercrime (business email compromise)	Operation DOLOS is a joint agency task force comprising the AFP, AUSTRAC and state and territory police focusing on business email compromise activities. As part of Operation Dolos, AUSTRAC provided financial intelligence on entities of interest and fortnightly proactive reporting on business email compromise activities, aiming to identify previously unknown incidents and entities of interest.
Operation Orcus	The threat of cybercrime (ransomware)	The AFP-led Operation Orcus is a task force comprising AUSTRAC, state and territory police agencies, the ACIC, the Australian Cyber Security Centre, industry, and other government partners, to combat the threat of ransomware. As part of Operation Orcus, AUSTRAC contributes financial intelligence (including cryptocurrency analysis) relating to ransomware activity. Analysis undertaken by AUSTRAC supports the Australian Government in understanding the ransomware threat actors targeting Australia and identifying previously unknown victims.

A number of limitations have been identified with using this measure. As discussed above, during the reporting period AUSTRAC adjusted our approach to our intelligence priority levels, removing the high/medium/low priorities were in place at the time this measure was developed.¹⁸ As a result, measuring the level of effort via task force participation against AUSTRAC's own intelligence priority levels (and seeking to ensure appropriate proportions of effort were achieved and maintained), became unachievable. Our participation in these task forces does still demonstrate AUSTRAC's support of other agencies and government priorities. This measure tracks activity as opposed to outputs or outcomes. As such, it is at risk of not meeting PGPA Act and Rule requirements. As a result of these limitations, AUSTRAC will no longer use this measure to evaluate our performance towards achieving our purpose.

¹⁸ AUSTRAC does not prioritise task forces based on priority levels. Rather, we reallocate staff - where necessary - to meet objectives, such as enabling a surge during priority periods of a task force.



STRENGTHEN - AUSTRAC ensures criminal risks within Australia's financial system are identified, mitigated and managed effectively.

Performance measure:

3.1. Percentage of reporting entities who strengthened their AML/CTF controls after AUSTRAC engagement, annually.

Result

Target:

65%

Source:

AUSTRAC Corporate Plan 2021-25 p37
Portfolio Budget Statements 2021-22,
Program 1.1. p195



Achieved
73.9%

Of the reporting entities who completed the AUSTRAC compliance report 2021, 73.9% who advised they were recipients of AUSTRAC engagement sometime over the previous year, confirmed they had strengthened their AML/CTF controls after this engagement.

Under the AML/CTF framework reporting entities are the first line of defence in protecting the financial system from criminal abuse. As reporting entities provide services that are vulnerable to money laundering, terrorism financing and other crime risks, they are well positioned to gather information at the point of service delivery to enable them to understand the identity of the customer, the source of funds and wealth, the nature of the transaction, and whether there is unusual behaviour occurring.

The efforts undertaken by reporting entities can deter criminals seeking to commit crimes or obfuscate the source of funds. These efforts allow for timely reporting to AUSTRAC, enabling opportunities for detection, disruption and prevention of criminal activity. The effective implementation of AML/CTF obligations can limit businesses from becoming victims of crime, enablers of crime, and can enhance consumer protections.

AUSTRAC employs a risk-based approach to regulation, ensuring that our resources are allocated efficiently to best manage risks across the Australian financial system. As outlined elsewhere in these statements, AUSTRAC is continually work with reporting entities to strengthen their compliance with AML/CTF obligations. This is achieved through effort across the spectrum of regulatory activities we undertake: education; communication and outreach; supervisory engagement and assessment; collaboration and partnership; and enforcement.

The annual compliance report is an important obligation and tool for AUSTRAC to understand compliance trends across reporting entities. The compliance report takes the form of a questionnaire, which asks targeted questions relating to the entity's compliance with AML/CTF obligations. Information provided through the compliance report is to identify anomalies in responses, generate alerts where answers indicate non-compliance and assess the risk of each compliance report submitted. Not only does the data support compliance uplift with individual entities, but also it provides AUSTRAC with a strategic view of compliance across the regulated population. This enables us to use compliance report data to improve our industry education and outreach activities, by targeting issues and sectors that need greater attention. It also allows us to conduct targeted compliance campaigns designed to address the most serious non-compliance issues identified in the compliance report.¹⁹

For 2021, the compliance report asked reporting entities whether they had received any guidance material or correspondence from AUSTRAC; what feedback or guidance they received; and what actions the entity took in response to these, if any. Actions taken included internal training, increasing AML/CTF resourcing and reviewing and/or making changes to AML/CTF programs.

The result for this measure was determined from the number of reporting entities who indicated they had received guidance material or correspondence during 2021, and who also indicated they had taken action as a result (i.e. selected an action other than 'no action required').²⁰

Table 7: Reporting entities (REs) strengthening AML/CTF controls after AUSTRAC engagement

Year	Number of REs that select answer other than NO ACTION REQUIRED	Number of REs that selected YES to AUSTRAC engagement	%
CR 2021	2,121	2,871	73.9%
CR 2020	1,478	2,019	73.2%

¹⁹ See Measure 3.3. for further information on campaigns.

²⁰ See Measure 3.2. for further information on the total proportion of REs who met their obligation to complete the CR, noting 3.1. is only capturing those REs who completed the CR.

Analysis of the annual compliance report data across years has identified important insights into strengthening reporting entities' compliance and changing reporting entity behaviour, as highlighted in the table below.


Table 8: Changes in reporting entity behaviour reported in annual compliance reports

Strengthening reporting entity compliance	CR 2020	CR 2021
Reporting entities who advised they:		
have a transaction monitoring program in place	89.7%	91.1%
identified suspicious transactions requiring further review	22.7%	33.4%
have undertaken politically exposed persons checks	61.0%	79.7%
have undertaken enhanced customer due diligence (ECDD)	55.8%	71.6%

There was also a slight increase in the key area of review of ML/TF risk assessments in the reporting period, from 68.8% in 2020 to 71.3% in 2021, with 14.4% of this due to AUSTRAC feedback or guidance.



STRENGTHEN - AUSTRAC ensures criminal risks within Australia's financial system are identified, mitigated and managed effectively.

Performance measure: 3.2. Percentage of reporting entities who submit their compliance reports on time, annually.		Result
Target: 75%	Source: AUSTRAC Corporate Plan 2021-25 p37 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Achieved 98.7%

As outlined in Measure 3.1., the annual submission of the compliance report is a fundamental obligation on reporting entities, who have provided designated services,²¹ under section 47 of the AML/CTF Act.²² If a reporting entity is required to submit a compliance report and fails to do so by the lodgement deadline of 31 March, they may be subject to enforcement action.

The compliance report enables AUSTRAC to identify and understand non-compliance within the regulated population, and uplift the compliance capability of those who need assistance. It is our primary mechanism to collect and analyse self-reported information and data from reporting entities to support the prioritisation of compliance activities. The preparedness and responsiveness of entities to submit the compliance report on time is indicative, to a point, of both awareness of their AML/CTF obligations and willingness to comply with these obligations. However, as discussed further under Measure 3.3., submission of the compliance report does not mean the entity has met all their other AML/CTF obligations.

Of the 7,175 reporting entities who completed the compliance report 2021, 98.7% (7,080) submitted their report before the due date.²³

21 A service that is listed in section 6 of the AML/CTF Act (because it has been identified as posing a risk for money laundering and terrorism financing) and which meets the geographical link. Designated services include a range of business activities in the financial services, bullion, gambling and digital currency exchange sectors.

22 There are situations where exemptions and/or special circumstances apply, removing the need to submit a compliance report. As such, there is a significant difference between the number of reporting entities we regulate, and the number who submit a compliance report.

23 The method for this measure was calculating the number of reporting entities who submitted their compliance report before the due date divided by the total number of reporting entities who completed the compliance report.

Table 9: Submission of compliance reports (CRs) before due date over past two years

Year	Reporting entities who submitted their CR before the due date	Reporting entities who completed the CR	%
CR20	6,751	6,840	98.7
CR21	7,080	7,175	98.7

AUSTRAC has engaged substantially with industry, over a number of years, to promote the requirement to lodge a compliance report. Where continued non-lodgement occurs, AUSTRAC may consider enforcement action. In April 2022, AUSTRAC commenced a compliance report non-lodgement campaign. As part of this campaign, 160 letters were sent to reporting entities who had an obligation to lodge a compliance report but failed to do so. Having assessed the information available, in June 2022 multiple matters were referred to AUSTRAC's enforcement teams for further investigation.

Separately, 25 reporting entities were issued with a warning letter for failing to lodge their compliance report for 2021. These entities have either previously met their compliance report obligations or had self-disclosed their failure to lodge in 2021.

AUSTRAC'S COMPLIANCE REPORT COMMUNICATION CAMPAIGN


From December 2021 to March 2022, AUSTRAC undertook an intensive communication campaign to inform businesses of their compliance reporting obligation and the importance of submission ahead of the 31 March 2022 due date, as well as the consequences for failure to comply.

Figure 3: Email to eligible reporting entities who had not submitted their compliance report





STRENGTHEN - AUSTRAC ensures criminal risks within Australia’s financial system are identified, mitigated and managed effectively.

Performance measure: 3.3. Percentage of regulatory work initiated by self-disclosure as opposed to percentage of work proactively identified by AUSTRAC, annually.		Result
Target: The percentage of self-disclosure work to fall within 35% and 65% of regulatory work	Source: AUSTRAC Corporate Plan 2021-25 p37 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Not Achieved 17.5%

During the reporting period, 17.5% of regulatory work was initiated by self-disclosure. As this does not fall within the target range, the result for this year is not statistically achieved. However, we do not consider this to be of concern as the significantly greater proportion of proactive regulatory work undertaken, particularly in the context of supervisory activities, demonstrates we are effective in the identification of issues and non-compliance (that is, we are not reliant on industry informing us of their own non-compliance).

In response to this result that demonstrates AUSTRAC is far exceeding expectations in the volume of proactively identified regulatory work, and to remove confusion around the purpose of the measure, we adjusted this measure in our 2022-26 corporate plan to reflect our intention to continue to grow our proactively identified work.

AUSTRAC’S SUPERVISORY ACTIVITIES DURING 2021-22

We prioritise compliance activities based on ML/TF risk exposure, and how well reporting entities are meeting obligations and managing ML/TF risks. We consider internal and external inputs, including an entity’s transaction and suspicious matter reporting, compliance history, information from partner agencies, their customers, and the threat environment in which the financial sector operates.

Data monitoring and analysis – AUSTRAC continues to refine and improve our program of regulatory monitoring and alerting, which analyses extensive data holdings to generate alerts that may indicate non-compliance with legislation. AUSTRAC staff review alerts for potential/actual non-compliance, and assess each matter according to our approach to regulation. This capability enables us to swiftly engage with reporting entities to understand the cause of any non-compliance and to communicate our expectations for responding to the non-compliance.

As part of our targeting and prioritisation model, AUSTRAC captures and reports actions that have resulted from these alerts. The 2020-21 financial year was the first period in which this information was available. Between the 2020-21 and 2021-22 financial years, there was a 109% increase in the number of warning letters issued by AUSTRAC, and a 68% increase in the number of monitoring alert actions which were escalated for supervisory engagement. These statistics demonstrate the ongoing refinement of our data analytics and alerts process, with a measurable decline in the overall number of alerts that have arisen. Since its implementation in April 2021, our targeting and prioritisation model has been reviewed, with enhancements identified, which will be progressed in 2022-23.

Supervisory campaigns – AUSTRAC conducts campaigns to improve the quality of compliance across industry sectors or cohorts. Campaigns may focus on specific AML/CTF obligations within sectors or a particular cohort of entities within an industry based on, for example, risk exposure, features of the operation of the business or random sampling.

During 2021-22, AUSTRAC conducted 11 campaigns involving over 150 reporting entities.²⁴ These campaigns covered a range of industry sectors including foreign banks, superannuation, securities and derivatives, providers of remittance services, DCE providers, corporate bookmakers, and pubs and clubs.

Assessment activity – To detect and remedy (where necessary) non-compliance, AUSTRAC leverages the campaigns and data monitoring outlined above as well as referrals from our intelligence operations and partner agencies, requests for information (provided either voluntarily or via compulsory notice powers), and through self-disclosed breaches. Throughout 2021-22, we triaged 990 matters raising possible non-compliance, and in response, issued 841 warning letters to reporting entities notifying them of our consideration and where necessary, action for the entity to respond.

In addition, AUSTRAC supervisory teams initiated 19 assessments covering the operations of 174 reporting entities and are in the process of conducting detailed review and testing of their compliance with certain AML/CTF obligations.

Our supervisory teams also manage an increasing number of reporting entities undertaking remediation to strengthen their AML/CTF controls following AUSTRAC regulatory activities. A total of 220 reporting entities are impacted through these remediation engagements. In some instances, AUSTRAC's supervisory teams have longstanding engagements with multiple entities undertaking remediation.

²⁴ Note: some campaigns were still in progress as at 30 June 2022.

Registration of remittance service providers and digital current exchange providers –

To assist in strengthening reporting entities' compliance with AML/CTF obligations, the AUSTRAC CEO is empowered to make decisions concerning the registration of remittance service providers and DCE providers. The primary considerations for the CEO focus upon ensuring the appropriateness of key personnel and the capability of the reporting entity to manage the money laundering, terrorism financing and other relevant risks attached to their registration. During 2021-22, AUSTRAC made 15 reviewable decisions in relation to the registration of reporting entities.

Beyond these reviewable decisions, AUSTRAC implemented an enhanced registration process which leverages a wider range of information and analysis to assess registration applications. The augmented registration model is effective in allowing us to readily identify applicants who may present a significant money laundering, terrorism financing or serious crime risk. The model has enhanced our ability to understand the capability and competency of applicants, in addition to strengthening our ability to identify serious crime risks.

Statistically, a significant percentage of registration applications were either withdrawn upon the issue of the enhanced questionnaire notice, or not returned at all. Anecdotally, several applicants indicated to AUSTRAC they were not fully aware of what was required from a compliance perspective prior to receiving the enhanced questionnaire and, as a result, were not in a position to proceed with a registration application. These applicants subsequently withdrew their applications and indicated to AUSTRAC they would seek professional advice to uplift their capability prior to re-submitting a registration application. This indicates the model is successful in strengthening the registration process.

Table 10: Impact of enhanced registration process on remittance and DCE provider applications

Type	2020-21	2021-22
Withdrawn applications	169	695
Rejected applications	443	563

APPOINTMENT OF AN EXTERNAL AUDITOR

AUSTRAC can require a reporting entity to appoint an external auditor if we have reasonable grounds to suspect that the reporting entity has not taken—or is not taking—appropriate action to identify, mitigate and manage the ML/TF risk its business or organisation may reasonably face, or has not complied with AML/CTF legislation.

On 17 February 2022, AUSTRAC ordered the appointment of an external auditor to three entities within the Bell Financial Group, including Bell Potter Securities Limited, Bell Potter Capital Limited and Third Party Platform Pty Ltd. The appointed external auditor will be authorised by AUSTRAC to assess the three entities' compliance with the AML/CTF Act and Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1) (AML/CTF Rules).

AUSTRAC has identified compliance concerns following a period of engagement with the Australian-based Bell Financial Group. Members of the Bell Financial Group are regulated by AUSTRAC and provide stockbroking, foreign exchange, loans, investment and financial advisory services.

The external auditor must report to AUSTRAC within 180 days of being appointed and will examine the three entities' compliance with:

- the requirement to have an AML/CTF program and comply with Part A of that program
- the requirement to have an ongoing customer due diligence program
- suspicious matter report reporting obligations
- maintenance of enrolment details within required timeframes.

AUSTRAC will continue to work closely with Bell Financial Group to address any compliance concerns. The outcomes of the audit will assist the three businesses with their compliance and inform AUSTRAC whether any further regulatory action is required.

All written notices to appoint an external auditor are made available on the AUSTRAC website.

AUSTRAC'S ENFORCEMENT INVESTIGATIONS DURING THE REPORTING PERIOD

AUSTRAC focuses on working with reporting entities to increase their resilience to ML/TF risk and improve the quality of their reporting under the AML/CTF Act. Given the serious consequences of poor AML/CTF systems and controls, we may take enforcement action against an RE for serious and/or systemic breaches of the AML/CTF Act.

When determining whether enforcement action is the most appropriate response to identified non-compliance, AUSTRAC considers the circumstances of each case in accordance with our approach to regulation, including:

- the nature of the non-compliance
- the ML/TF risk associated with the reporting entity
- the entity's willingness and effort to comply
- whether the non-compliance was reported voluntarily (i.e. self-disclosed), and
- the likely consequences of the enforcement action.

AUSTRAC takes enforcement action to ensure entities comply with their AML/CTF obligations. The type of enforcement action needs to reflect the nature of the breaches involved, any harm resulting from the breaches, and the actions required to bring an entity into compliance. AUSTRAC enforcement powers include:

- infringement notices – \$13,320 per contravention for a limited subset of the obligations under the AML/CTF Act.
- enforceable undertakings – an entity can offer an undertaking to do, or not do, certain things to ensure its compliance with the AML/CTF Act.
- remedial directions – AUSTRAC can require an entity to take steps to prevent breaches of the AML/CTF Act, or remedy past reporting failures.
- civil penalty proceedings – the AUSTRAC CEO can apply to the Federal Court for civil penalties in respect of a wide range of breaches of the AML/CTF Act.

CIVIL PENALTY PROCEEDINGS

On 1 March 2022, AUSTRAC commenced civil penalty proceedings in the Federal Court against Crown Melbourne and Crown Perth for alleged serious and systemic non-compliance with Australia's AML/CTF laws. This action followed proactive compliance work with the casino sector which led to a number of detailed enforcement investigations including into Crown Melbourne and Crown Perth's compliance.

AUSTRAC deemed Crown to have failed in meeting its AML/CTF obligations making its business and Australia's financial system vulnerable to criminal exploitation. AUSTRAC's investigation identified poor governance, risk management and failures to have and maintain a compliant AML/CTF program detailing how Crown would identify, mitigate and manage the risk of its products and services being misused for money laundering or terrorism financing.

By commencing civil penalty proceedings, AUSTRAC's strong action intends to drive enduring change and ensure that Crown will fully meet their obligations to protect itself and Australia's financial system from criminal activity. AUSTRAC continues to work closely with the casino sector through ongoing regulatory engagement to uplift compliance and regularly conducts assessments of casinos' compliance.

As at 30 June 2022, the final outcome of the matter is yet to be determined as it is before the court.

ENFORCEABLE UNDERTAKING

On 2 May 2022, AUSTRAC accepted an enforceable undertaking from National Australia Bank (NAB) to uplift its compliance with Australia's AML/CTF laws. The action followed an AUSTRAC enforcement investigation which identified concerns about NAB's AML/CTF program, systems and controls.

AUSTRAC identified non-compliance in targeted compliance assessments, as well as through self-disclosures from NAB. AUSTRAC notified NAB of the formal enforcement investigation into five NAB reporting entities in June 2021, following ongoing regulatory engagement. The entities are National Australia Bank Limited, JBWere Limited, Wealthhub Securities Limited, Medfin Australia Pty Ltd, and AFSH Nominees Pty Ltd.

NAB has undertaken to implement a comprehensive remedial action plan, which will see improvements to its systems, controls and record keeping. This includes the NAB designated business group AML/CTF program, applicable customer identification procedures, customer risk assessment and ECDD, transaction monitoring, and governance and assurance.


AUSTRAC will monitor NAB's progress to ensure that actions are taken within the timeframes, and maintain regular, ongoing discussions with NAB. An independent auditor will report to AUSTRAC annually on progress, with the final report to be provided to AUSTRAC by March 2025.

NAB has demonstrated a commitment to uplifting its AML/CTF controls, and has undertaken significant work identifying and implementing improvements to its programs. The intent of the enforceable undertaking is to ensure that NAB continues with its remediation programs to uplift its compliance and combat the risks of serious and organised crime.

The enforceable undertaking and accompanying remedial action plan are available on the AUSTRAC website.



STRENGTHEN - AUSTRAC ensures criminal risks within Australia’s financial system are identified, mitigated and managed effectively.

Performance measure: 3.4. Percentage of industry associations representing AUSTRAC’s reporting entities who assess AUSTRAC’s level of collaboration in the development of AML/CTF Rules and policy settings to be USUALLY collaborative (or higher), annually.		Result
Target: 70%	Source: AUSTRAC Corporate Plan 2021-25 p37 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Achieved 75%

AUSTRAC’s approach to consultation on AML/CTF Rules and policy settings is to engage with industry and relevant partners early, and continue this engagement throughout the process as the Rules and policy are finalised and made. When drafting Rules, we will release the draft on our website and invite submissions, directly notify reporting entities and other affected entities of the proposal, and conduct meetings to discuss the draft Rules where appropriate. Through this process, we seek to identify and address issues regarding the AML/CTF Rules and the proposed amendments, and ensure the desired policy outcome is achieved.

75% of respondent industry associations representing AUSTRAC’s reporting entities assessed AUSTRAC’s level of collaboration in the development of AML/CTF Rules and policy settings as USUALLY collaborative (or higher). On the seven-point scale used, ratings of USUALLY collaborative or higher represented the top two positive responses.²⁵ The results reflect a positive assessment of our level of collaboration in developing AML/CTF Rules and policy settings.

AUSTRAC commissioned an external provider to develop a stakeholder feedback survey, and report the results. We surveyed 18 industry associations representing AUSTRAC’s reporting entities, with multiple contacts identified at some associations. The industry associations’ surveyed cover AUSTRAC’s reporting entities in both breadth and depth.

²⁵ = Always collaborative; 6 = Usually collaborative; 5 = Sometimes collaborative; 4 = Neutral; 3 = Occasionally collaborative; 2 = Rarely collaborative; 1 = Never collaborative. The remaining two respondents selected SOMETIMES collaborative.

While response rates were lower than desirable (with 22 per cent of the 37 contacts responding), we are dependent on the willingness of stakeholders to participate in our survey, and to maximise participation we extended the survey closure date and issued reminders to stakeholders. We note the response rate to this survey is similar to surveys previously undertaken by AUSTRAC for the purposes of the former Regulator Performance Framework Self-Assessment.

ENGAGEMENT DURING 2021-22 CONCERNING THE REFINEMENT OF AML/CTF RULES

The AML/CTF Rules are subject to an ongoing process of development, refinement and review, and AUSTRAC's engagement with industry assists in identifying any concerns with the Rules and their operation. During the reporting period, we conducted public consultation on the following draft AML/CTF Rules:

- adding chapter 79 to provide for a delay in conducting applicable customer identification procedures (ACIP) when opening a bank account with no deposit
- adding chapter 80 to define 'stored value card'
- amending chapter 21 to exempt managed investment schemes from the AML/CTF Act
- amending chapter 48 to exempt salary packaging administration services from the AML/CTF Act

- chapter 75 (law enforcement operations)
- cross border movement Rules to implement the 'Phase 1.5' amendments to Part 4 of the AML/CTF Act
- draft amendments to chapter 10, to implement an amendment to the National Consumer Protection Framework for Online Wagering
- new chapter 81 to exempt financial institutions enrolled with AUSTRAC from registration on the DCE Register
- machinery changes to chapter 78 and chapter 20.

During consultation, draft Rules were published on the AUSTRAC website and sent to reporting entities. For the cross-border movement reforms, further information was also sent to entities who regularly report cross-border movements, and entities identified as impacted by the reforms.

A small number of submissions were received during the public consultations. Submissions were considered as part of the process of finalising the Rules, including making amendments where appropriate to address issues identified in submissions. All of the Rules on which the public were consulted were subsequently made during the reporting period.

Following public consultation on the cross border movement reforms, further correspondence and discussions took place with the ABA and the AFMA.

In relation to the machinery changes to chapters 78 and 20, targeted consultation was undertaken with ABA and AFMA. Following this targeted consultation, the changes to chapter 78 progressed, while the proposed changes to chapter 20 are being considered further.

In addition to the formal opportunities for consultation on proposed amendments to the AML/CTF Rules, we held regular informal engagements with reporting entities and industry bodies about the current operation of the AML/CTF Act and Rules. We used the information gained through these engagements to inform functions, including education, guidance, policy, consideration of exemptions and development of future AML/CTF Rules.

In correspondence dated 12 November 2021, the ABA and AFMA 'sincerely thanked AUSTRAC for the efforts undertaken so far to improve and develop the draft Chapter 79 Rules'. The ABA and AFMA submission on the draft Chapter 79 Rules 'thanked AUSTRAC for the collaborative approach undertaken to the development of the Chapter 79 rules and guidance. We acknowledge and appreciate that a number of recommendations of the 27 August 2021 submission were taken on board.'

ENGAGEMENT DURING 2021-22 ON POLICY SETTINGS

IFTI reporting obligations

We engaged closely with industry associations representing banks to strengthen industry understanding and compliance with IFTI reporting obligations. These reporting obligations under the AML/CTF Rules are complex, and AUSTRAC has worked with industry to clarify those obligations through guidance and the removal of ambiguity via proposed changes to the Rules. During 2021-22 draft guidance was developed in collaboration with industry, with substantial industry feedback received. Upon finalisation of the guidance in 2022-23, proposed Rule changes to further clarify and remove ambiguity will be progressed. A stronger understanding of, and compliance with, IFTI reporting obligations will improve the quality of information provided by reporting entities which can be converted to actionable financial intelligence.

De-banking

AUSTRAC engaged with industry (Australian Remittance and Currency Providers Association, Blockchain Australia, FinTech Australia, Western Union and the ABA) as part of broader government discussions on how to address the de-banking (loss or limitation of access to banking services) of higher-risk customers of banks, such as remitters, digital currency service providers and fintechs. These broader discussions occurred as part of a working group established by the Council of Financial Regulators, which reports to the Council on options to address de-banking.

We also developed draft guidance for providing services to high-risk customers to demonstrate to the banks how they can manage and mitigate risks posed by such customers. This guidance followed the release of a public statement on de-banking by the AUSTRAC CEO in October 2021. AUSTRAC also provided advice to the Australian Financial Conduct Authority on amendments to the Banking Code of Conduct relating to the closure of customer accounts.

Cross border movement of cash

Prior to the commencement of legislative reforms to the obligation to report the cross border movement of cash and BNIs, AUSTRAC engaged with banks regarding the new BNI requirements and their impact on the delivery of specific financial services.

Development of various guidance material

During the reporting period, we engaged with various stakeholders concerning the development of AUSTRAC regulatory guidance, including:

- finalisation of 'phase 1.5' legislative reform guidance and post implementation review with the ABA and AFMA
- guidance to support of the AML/CTF Rules (applicable customer identification procedures after commencing to open an account and after the commencement of providing a designated service)
- threshold transaction reporting (reporting aggregated transactions) with the ABA, AFMA and Tabcorp Holdings Limited
- source of wealth/source of funds with public consultation and meetings with the Australian Institute Of Superannuation Trustees and Bitcoin Group
- guidance for persons who do not have formal identification with ASIC (Indigenous Outreach Program), ABA and the Australian Institute Of Superannuation Trustees
- draft guidance around customer due diligence for customers in higher risk sectors ('de-banking' guidance) with the ABA and AFMA.



STRENGTHEN - AUSTRAC ensures criminal risks within Australia's financial system are identified, mitigated and managed effectively.

Performance measure:

3.5. Percentage of industry associations representing AUSTRAC's reporting entities who believe reporting entities have a MODERATE (or higher) level of trust in AUSTRAC as a result of AUSTRAC's efforts to harden the industry against ML/TF and other crime risks, annually.

Result

Target:

70%

Source:

AUSTRAC Corporate Plan 2021-25 p37
Portfolio Budget Statements 2021-22,
Program 1.1. p195



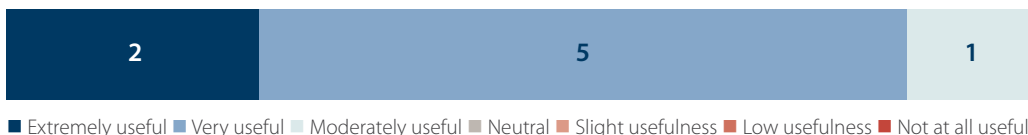
Achieved
100%

Reporting entity trust in AUSTRAC is an important component enabling us to achieve our purpose – it enables engagement, support and buy-in. During the reporting period we performed multiple activities to build reporting entity trust in AUSTRAC, including but not limited to:

- provided guidance in multiple, accessible forms, via mediums such as published product, training workshops and one-on-one engagement, and in different languages where possible
- engaged with reporting entities and industry associations in the development of such guidance
- presented and/or participated at multiple industry sessions including:
 - NAB Financial Crime Week on 20 July 2021
 - Australian Financial Review Cryptocurrency Summit on 21 July 2021
 - ACAMS Financial Crime Event on 26 August 2021
 - RSM Fraud and AML Virtual Summit on 29 September 2021
 - Australian Finance Industry Association Webinar on 28 October 2021 – 'Talking Financial Crime with AUSTRAC'
 - Fund Executives Association Limited Discussion Forum on 24 November 2021
 - Financial Crime Casino/Gaming Industry Forum on 10 February 2022
 - Stockbrokers and Financial Advisers Association Webinar series on 9 March 2022.

In a survey of industry associations representing AUSTRAC’s reporting entities, all respondents assessed reporting entities as having a MODERATE or higher level of trust in AUSTRAC as a result of AUSTRAC’s efforts to harden the industry against ML/TF and other crime risks. On the seven-point scale used, ratings of MODERATE (or higher) represented the top three positive responses.²⁶

Figure 4: Level of trust in AUSTRAC as a result of AUSTRAC’s efforts to harden the industry against ML/TF and other crime risks (number of respondents)



AUSTRAC commissioned an external provider to develop the stakeholder feedback survey, and report the results. We surveyed 18 industry associations representing AUSTRAC’s reporting entities, with multiple contacts identified at some associations. The industry associations’ surveyed cover AUSTRAC’s reporting entities in both breadth and depth.


While response rates were lower than desirable (with 22 per cent of the 37 contacts responding), we are dependent on the willingness of stakeholders to participate in our survey, and to maximise participation we extended the survey closure date and issued reminders to stakeholders. We note the response rate to this survey is similar to surveys previously undertaken by AUSTRAC for the purposes of the former Regulator Performance Framework Self-Assessment.

AUSTRAC remains committed to building trust and confidence among our reporting entities per the first principle of regulator best practice. We will continue to demonstrate growing levels of trust in AUSTRAC through this measure, as demonstrated by the increasing targets over 2022-23 to 2025-26 set out in our corporate plan 2022-26.

²⁶ 7 = High trust; 6 = Significant trust; 5 = Moderate trust; 4 = Neutral; 3 = Slight trust; 2 = Low trust; 1 = No trust



STRENGTHEN - AUSTRAC ensures criminal risks within Australia’s financial system are identified, mitigated and managed effectively.

Performance measure: 3.6. Percentage of exemptions and modifications granted, annually.		Result
Target: Establish a baseline	Source: AUSTRAC Corporate Plan 2021-25 p37 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Achieved 85.9%

During the reporting period, 134 exemptions and modifications were granted from 156 sought (85.9%). We accepted this result as the baseline for 2021-22 and have taken this result into account in setting future targets (as shown in our corporate plan 2022-26).

The AUSTRAC CEO is authorised, where appropriate, to issue exemptions from, and make modifications to, the AML/CTF Act. These powers give AUSTRAC flexibility to promote proportionate, effective and efficient regulation consistent with the AML/CTF regime’s risk-based approach.

Before granting an exemption or modification, the AUSTRAC CEO must:

- have regard to the integrity of the financial system, crime reduction, regulatory burden, competitive neutrality and competition, economic efficiency and privacy—subsection 212(3) of the AML/CTF Act
- be satisfied that the exemption or modification is low risk—subsection 212(3A) of the AML/CTF Act.

Exemptions are not a way for reporting entities to avoid meeting their obligations. We will only grant an exemption where it is clearly required. The following factors are considered when assessing an application:

- the money laundering and terrorism financing risks faced by the reporting entity in its provision of designated services
- whether or not the AML/CTF Act was intended to apply to the entity's particular type of business or organisation
- whether the costs and effort for the RE to comply would be unreasonable when compared to the risks the entity faces
- whether the entity's business or organisation would suffer a competitive disadvantage if it was required to comply with the AML/CTF Act.

Exemptions can be made in three ways. For the purposes of this measure, we are focused on when an application is made to AUSTRAC to have exemptions from or modifications to provisions of the AML/CTF Act granted to a specific reporting entity. For this measure we used the following definitions.

- 'Exemptions' meant a general exemption under section 247 of the AML/CTF Act, an exemption by the AUSTRAC CEO under section 248 and an exemption under chapter 75 of the AML/CTF Rules.
- 'Modification' meant a modification by the AUSTRAC CEO under section 248 of the AML/CTF Act.

EXEMPTIONS AND MODIFICATIONS UNDER SECTION 248

Table 11: Number of exemptions and modifications sought and granted under s248 in 2021-22

Number of exemptions and modifications under s248	
granted	25
sought	42

Exemptions and modifications sought and granted under section 248 were related to 'tipping off' or secrecy provisions and operative obligations imposed by the Act.

- Tipping off provisions – if a reporting entity submits or is required to submit a SMR about one of their customers, they must not disclose any information about the report, except in certain limited circumstances. Exemptions from the tipping off provisions seek to provide sufficient protection of the information to avoid prejudice to law enforcement investigations while enabling the reporting entity to undertake actions consistent with its obligations under the AML/CTF Act and other laws.
- Operative obligations – these include customer due diligence, reporting obligations, compliance reports, enrolment, AML/CTF programs and record keeping.

AUSTRAC is observing a significant number of exemption applications in relation to Part 11 of the AML/CTF Act (secrecy and access), particularly sections 121 and 123. This suggests the regime is not fit-for-purpose. These applications often relate to circumstances that were not contemplated by Parliament, or relate to the 'phase 1.5' reforms to the prohibitions on reporting entities disclosing AUSTRAC information. Exemptions and modifications are granted where ML/TF risk is low and the exemption is appropriate, and to make the scheme proportionate where possible.

EXEMPTIONS UNDER CHAPTER 75 OF THE AML/CTF RULES


Table 12: Number of exemptions sought and granted under chapter 75 in 2021-22

Number of exemptions and modifications under chapter 75	
granted	109
sought	114

AUSTRAC also grants exemptions to reporting entities following a request from law enforcement agencies under chapter 75 of the AML/CTF Rules. These are granted to improve cooperation between reporting entities and law enforcement in circumstances where a customer is under investigation for a serious offence. A chapter 75 notice relieves a reporting entity from the need to comply with its AML/CTF obligations in respect of the specified customer for the duration of the notice. Chapter 75 notices are intended to provide assurance to banks that they may continue to bank a customer who may be involved in, or a victim of, criminal activity. The de-banking of a customer may alert suspects to law enforcement activity, potentially compromising cases. A Chapter 75 exemption effectively acts as a dialogue between the banks and the police, ensuring that risks are managed on both sides.



STRENGTHEN - AUSTRAC ensures criminal risks within Australia’s financial system are identified, mitigated and managed effectively.

Performance measure: 3.7. Percentage of externally funded International Operations capability development programs where the funder has confirmed the program is serving their purposes, annually.		Result
Target: Establish a baseline	Source: AUSTRAC Corporate Plan 2021-25 p38 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Achieved 100%

AUSTRAC shares information, exchanges intelligence and supports the capability uplift of international partners to strengthen the global financial system and protect Australia from the harms of transnational serious and organised crime and terrorism. We aim to develop a thriving international network of partners where information and intelligence flows are optimised, and knowledge and capabilities are shared. This is so we can work together to collectively understand and combat money laundering, terrorism financing and other serious crimes.

Supporting our partners with training and capability uplift programs enables AUSTRAC and our international partners to identify and manage evolving ML/TF risks specific to their own countries and put in place controls to harden the financial system from exploitation by criminals. One way by which AUSTRAC realises this is by securing funding to deliver AML/CTF capability development programs to overseas counterparts. In doing so, we align and support whole-of-government policy priorities and strategies. These programs are designed for prioritised countries and result in strengthened responses to global threats and the protection of Australian interests.

During 2021-22, the funders of all four externally funded capability development programs that were completed, confirmed the respective program served their purpose. This measure is limited to programs completed during the relevant financial year, noting many programs run over multiple years. As this is the first year we used this measure, we accepted the result as the baseline for 2021-22 and have taken this result into account in setting future targets (as shown in our corporate plan 2022-26).

Using this measure over the past 12 months, we have identified a limitation in respect to obtaining funder feedback. To date, the feedback confirming funder satisfaction has been provided verbally and not following a specific methodology. We acknowledge this has an impact on the reliability and verifiability of the data sources. Noting our continued use of this measure as per our 2022-26 corporate plan, we will identify improved means of capturing and recording this feedback.

PPATK²⁷ /AUSTRAC PARTNERSHIP PROGRAM (PAPP)

Part of Australia's broader economic governance 'Prospera' Program,²⁸ funded by DFAT, the PAPP sought to safeguard economic and financial stability in Indonesia through combatting financial crime. This is achieved by assisting Indonesia to meet its international AML/CTF obligations and assisting PPATK and other AML/CTF regulators to develop and maintain a robust and effective AML/CTF regime. AUSTRAC sought to develop and enhance long-term strategic and operational relationships with PPATK aimed at fostering bilateral and regional collaboration in the fight against financial crime.

As at 30 June 2022, the PAPP has concluded, with capacity-building activities between AUSTRAC and PPATK having reached a successful conclusion. For 20 years, AUSTRAC-facilitated activities, subject matter experts, active support in PPATK's engagement on the regional and global stage, and operational cooperation have built the desired capability, culminating in PPATK being a regional leader and peer FIU to AUSTRAC. The relationship is evolving to move away from capacity building towards a focus on operational cooperation. This marks the successful transition of the capacity building work, with PPATK moving to self-sustainment of ongoing development. DFAT and Prospera provided positive feedback regarding the 2021-22 conduct towards PAPP as a whole-of-life program.

Activities undertaken during the reporting period in support of this program included mentoring programs, workshops supporting the establishment of PPATK working groups, and developing tradecraft skills through training workshops.

THE AUSTRALIA INDONESIA PARTNERSHIP FOR JUSTICE PHASE 2

This program, funded by DFAT under aid funding and administered by Cardno,²⁹ contributed to strong and accessible justice and security institutions and, over time, contribute to stability and prosperity in Indonesia and the region. AUSTRAC sought to build partner capacity through bilateral and multilateral intelligence cooperation projects. DFAT provided verbal feedback of its satisfaction with the conduct and operational focus of the analyst exchange programs. DFAT also advised of its satisfaction with the regional nature of the work conducted, and the international institutional linkages fostered.

27 Indonesia's FIU - Pusat Pelaporan Dan Analisis Transaksi Keuangan.

28 Prospera is a grant-funded partnership between Australia's Department of Foreign Affairs and Trade and Indonesia's Coordinating Ministry for the Economy.

29 Cardno is an Australian professional services company that is delivering the Prospera Program.

REGIONAL FINANCIAL INTELLIGENCE ANALYST COURSES

The regional Financial Intelligence Analyst Courses (FIAC), is a project funded by DFAT and delivered by AUSTRAC. It offers specialist training in financial intelligence and provides an increased knowledge of industry and the criminal environment in which financial intelligence analysts work. The courses provide opportunities for sharing expertise in regional and cross border money laundering and counter-terrorism issues, and promoting cross jurisdiction collaboration, partnerships and relationship building. The regional FIACs provide a unique opportunity to build the program with ASEAN³⁰ counterparts and tailor the FIAC to the individual needs of each ASEAN region to deliver in-depth, formal and specialist training for regional analysts.

AUSTRAC designed and delivered four two-week regional FIACs, rotating across different ASEAN countries as hosts. The courses commenced in August 2018, but due to COVID-19, no courses were delivered in 2020 and 2021. The final course was delivered in Bangkok, Thailand, from 30 May to 10 June 2022. DFAT feedback confirmed satisfaction with the program.

SUPPORTING PAPUA NEW GUINEA'S EFFECTIVE AML/CTF REFORM (SPEAR) PROGRAM

This DFAT-funded program, which focused on building capacity across all elements of Papua New Guinea's FIU—the Financial Analysis and Supervision Unit (FASU)—concluded in June 2022. Activities undertaken by AUSTRAC included a 'Spontaneous Disclosure Day' activity, which consisted of multiple exchanges of financial intelligence between AUSTRAC and FASU. This facilitated higher levels of financial intelligence exchanges between AUSTRAC and FASU, while providing practical operational guidance on the efficient exchange of intelligence with international counterparts. AUSTRAC provided COVID-19 support to FASU, including sharing financial crime threats and evolving money laundering methodologies employed by criminals during extended lockdowns and border closures. We also delivered IT equipment to enable FASU staff to be more productive when working from home. AUSTRAC also held a workshop, attended by 10 FASU regulatory operation staff, on AUSTRAC's enforcement policies and processes.

The DFAT-initiated review of SPEAR conducted in late 2021 stated:


- 'The review team was left in no doubt that PNG's AML/CTF regime had developed and matured considerably since mid-2017 and that SPEAR played an important role in this.'
- 'SPEAR is very good value for money. They (AUSTRAC and AMLAT³¹) achieved quite a lot with very little funding compared to other programs funded by DFAT.'

30 Association of Southeast Asian Nations.

31 Anti-Money Laundering Assistance Team (AMLAT) is an Australian Government program assisting Pacific island countries to develop AML/CTF systems.



STRENGTHEN - AUSTRAC ensures criminal risks within Australia’s financial system are identified, mitigated and managed effectively.

Performance measure: 3.8. Percentage of international development programs that realised a capability uplift, annually.		Result
Target: Establish a baseline	Source: AUSTRAC Corporate Plan 2021-25 p38 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Achieved 100%

As outlined under measure 3.7., in order for AUSTRAC to continue to be able to discover, understand and respond to emerging criminal threats, we must leverage our international networks and influence to build contemporary knowledge, strengthen capabilities and collaborate as a trusted partner. This supports the hardening of the global financial system against money laundering, terrorism financing and other serious crimes. We do this through the delivery of capability development programs to overseas FIUs.

During 2021-22, all 10 of the international development programs delivered realised a capability uplift. For the purposes of this measure, ‘capability uplift’ meant an improvement in the recipient agency’s capability as assessed against their perceived capability prior to the program commencing. A standard set of assessment criteria was developed for course evaluation, primarily drawing on surveys that training participants completed after each course was undertaken. As this is the first year we used this measure, we accepted the result as the baseline for 2021-22 and have taken this result into account in setting future targets (as shown in our corporate plan 2022-26).

Table 13: International development programs delivered in 2021-22

Program	Purpose of program/course	Evidence of capability uplift
FIAC 1 (Indonesia)	The FIAC aims to improve the participants' understanding of financial intelligence principles and concepts, as well as provide best practice for the production of intelligence products. These skills enable enhanced collaboration with AUSTRAC's analysts and FIU partners in the region.	100% of training participant survey respondents agreed that as a result of their attendance at the program, they now had a better understanding and greater knowledge of the program topic, and the knowledge gained would assist them in their work.
Regional Intelligence Fundamentals Course for South-East Asia	From 21-29 October 2021, AUSTRAC delivered online intelligence fundamentals training to FIUs of Malaysia, Indonesia, Singapore, the Philippines, Timor-Leste, and the Malaysian National Anti-Financial Crime Centre. The course helped intelligence analysts from South-East Asia develop skills and establish a common understanding of intelligence tradecraft to improve their ability to identify and disrupt transnational, serious and organised crime and terrorism financing. This course had a particular focus on group work allowing participants to meet counterparts from various countries and agencies to build networks that can be leveraged for future joint operational collaboration.	100% of training participant survey respondents agreed that as a result of their attendance at the program, they now had a better understanding and greater knowledge of the program topic, and the knowledge gained would assist them in their work.

Program	Purpose of program/course	Evidence of capability uplift
Intelligence Fundamentals Course (Laos PDR)	The course helped intelligence analysts from Laos PDR's FIU and relevant partner agencies develop skills and establish a common understanding of intelligence tradecraft to improve their ability to identify and disrupt transnational serious organised crime and terrorism financing. Individual and group based activities form a key component to ensure content is absorbed and put into practice in a training environment.	100% of training participant survey respondents agreed that as a result of their attendance at the program, they now had a better understanding and greater knowledge of the program topic, and the knowledge gained would assist them in their work.
Intelligence Fundamentals Course (Cambodia)	The course helped intelligence analysts from Cambodia's FIU and relevant partner agencies to develop skills and establish a common understanding of intelligence tradecraft to improve their ability to identify and disrupt transnational, serious and organised crime and terrorism financing. Individual and group activities formed a key component to ensure content is absorbed and put into practice in a training environment.	100% of training participant survey respondents agreed that as a result of their attendance at the program, they now had a better understanding and greater knowledge of the program topic, and the knowledge gained would assist them in their work.
Pacific Trade-Based Money Laundering Webinar	Held over two days, this course provided 110 participants from 10 jurisdictions with guidance on how to identify the use of trade-based money laundering in high-value money laundering cases.	92% of training participant survey respondents agreed that as a result of their attendance at the program, they now had a better understanding and greater knowledge of the program topic.

Program	Purpose of program/course	Evidence of capability uplift
Pacific Cyber week	A series of webinars focusing on cryptocurrencies, cybercrime and the dark net. Attended by approximately 200 people from 11 jurisdictions.	88% of training participant survey respondents agreed that as a result of their attendance at the program, they now had a better understanding and greater knowledge of the program topic.
Pacific Intelligence Fundamentals Course	<p>Held from 9-18 November 2021, 19 participants from Cook Islands, Fiji, Papua New Guinea, Kiribati, Niue, Palau, Marshall Islands, Nauru, New Zealand, Tonga, Solomon Islands and Vanuatu took part in online learning and webinars facilitated by AUSTRAC that:</p> <ul style="list-style-type: none"> • established a baseline of understanding of basic intelligence principles • taught a common technical language and a practical appreciation of common intelligence methodologies and concepts. <p>Once completed, participants qualified to undertake AUSTRAC's Pacific FIAC to be run in August 2022.</p>	100% of training participant survey respondents agreed that as a result of their attendance at the program, they now had a better understanding and greater knowledge of the program topic, and the knowledge gained would assist them in their work.

Program	Purpose of program/course	Evidence of capability uplift
FIAC (ASEAN)	Fourth instalment of ASEAN FIAC delivered. The ASEAN FIAC aims to improve the participants' understanding of financial intelligence principles and concepts, as well as provide best practice for the production of intelligence products. These skills enable enhanced collaboration with AUSTRAC's analysts and FIU partners in the region.	94% of training participant survey respondents agreed that as a result of their attendance at the program, they now had a better understanding and greater knowledge of the program topic, while 100% agreed the knowledge gained would assist them in their work.
Philippines	Co-leading with Philippines partners, AUSTRAC presented the webinar 'Addressing Money Laundering and Tax Crime in the Post Pandemic Era', attended by government, regulatory and industry partners.	100% of training participant survey respondents agreed that as a result of their attendance at the program, they now had a better understanding and greater knowledge of the program topic, and the knowledge gained would assist them in their work.
FIAC 2 (Indonesia)	AUSTRAC delivered an Indonesian FIAC, providing financial intelligence specialist skills best-practice training to PPATK staff. This training built on foundational skills training provided previously, enabling improved effectiveness in the FIU workplace.	<p>In this two-week session, 25 staff from PPATK's intelligence and regulatory directorates actively participated in the training, and successfully completed all assessment items and required sessions. In course feedback, all participants indicated they had attained new skills relevant to their roles and would employ those skills in the workplace.</p> <p>A subsequent survey indicated the overwhelming majority had improved their financial analysis skills, and will be able to apply the knowledge gained.</p>

Using this measure over the past 12 months, limitations have been identified. Our internal control documentation was not adequately completed to make it clear as to the definition of ‘programs’ and thus what programs would be captured. During 2021-22, programs under this measure meant something different to those programs captured by measure 3.7. We acknowledge using the same word for two different concepts can be confusing. Furthermore, standardised metrics for reporting purposes were not developed until part-way through the reporting period. As such, some of the programs completed before this occurred did not use the same metrics as all others that followed. We acknowledge this impacts the reliability and verifiability of the data. As we intend to continue to use this measure in coming years, as set out in our 2022-26 corporate plan, we have adjusted this measure to only capture ‘capability development program activities’ that were completed during the relevant financial year. We will also ensure other issues identified in our internal control documentation are resolved.



STRENGTHEN - AUSTRAC ensures criminal risks within Australia’s financial system are identified, mitigated and managed effectively.

Performance measure:

3.9. Percentage of reporting entities who advise our Risk Assessment product had a MODERATE (or higher) influence on their risk mitigation attitudes or behaviours, per product.

Result

Target:

Establish a baseline

Source:

AUSTRAC Corporate Plan 2021-25 p38
Portfolio Budget Statements 2021-22,
Program 1.1. p195



Achieved
Results
range from
64% to 100%

Criminals seek to exploit all financial service businesses. Some businesses at higher risk due to their size, the products and services they offer and the AML/CTF programs they have in place. Under the AML/CTF Act, reporting entities have an obligation to understand and manage their own risks, based on their business and service offerings. AUSTRAC’s risk assessments help Australian businesses identify risks and put appropriate measures in place to better protect themselves and the community from criminal abuse.

During the reporting period AUSTRAC published five sector-based risk assessment products.³² To produce each report, we engaged with reporting entities, industry representatives, and Commonwealth, state and territory regulatory and law enforcement agencies to collect information and insights about criminal threats, vulnerabilities and consequences related to the sector. In accordance with our internal control documentation, survey invitees consisted of reporting entities we engaged with and sought feedback from through the development of the relevant product. The percentage of survey respondent reporting entities who advised our risk assessment products had a MODERATE (or higher)³³ influence on their risk mitigation attitudes or behaviours, for each respective product was as follows:

Table 14: Percentage of respondents reporting MODERATE (or higher) influence per risk assessment product

Risk assessment product	Percentage of respondents reporting MODERATE or higher
Australia's non-bank lending and financing sector	100% (1 respondent: 18 invitees)
Major banks in Australia	66% (3 respondents: 4 invitees)
Other domestic banks in Australia	100% (5 respondents: 12 invitees)
Foreign subsidiary banks in Australia	100% (3 respondents: 7 invitees)
Foreign bank branches in Australia	64% (14 respondents: 46 invitees)

To obtain the data for this measure, AUSTRAC emailed the relevant reporting entities a questionnaire following publication of the respective risk assessment product. In limiting who we survey to only reporting entities engaged in the development of the relevant product, we recognise that, in many instances, we are unlikely to achieve a truly representative view of the impact our product has had. Some industry sectors have thousands of entities. We cannot engage with, or seek feedback from, any significant portion of such numbers as it would severely impact the timeliness of our product and be prohibitively expensive. Instead, we engage with a targeted representative group of entities. As with all surveys, we are dependent on survey invitees agreeing to participate. We hope these entities consider the provision of feedback as a part of the product development process and willingly respond to our request for feedback. As the numbers set out in the table above demonstrate, for some products/sectors the response rate was reasonably high, while in others it was low.

32 One product – Australia's non-bank lending and financing sector – was published in late June 2021 so technically falls outside of the reporting period. However, its impact was not captured in the 2020-21 annual performance statements and thus has been included in this period.

33 Using the following seven point scale: 7 = Extreme influence; 6 = Significant influence; 5 = Moderate influence; 4 = Neutral; 3 = Slight influence; 2 = Low influence; 1 = No influence

The length of time between reporting entity engagement with the product development process and receipt of the survey—often many months because of the time constraints related to developing a risk assessment—likely has an impact on response rates. Noting our intention to continue using this measure as per corporate plan 2022-26, these limitations will endure.

Notwithstanding these limitations with the survey results, website statistics (obtained through Google Analytics) indicated readership of all our risk assessments exceeded internal targets (see measure 2.1. for further information on access/download numbers). In some instances, access levels were more than double the target. This demonstrates broad readership and interest in the products, despite some reporting entities not participating in the subsequent survey.

AUSTRALIA'S NON-BANK LENDING AND FINANCING SECTOR RISK ASSESSMENT

This risk assessment of Australia's non-bank lending and financing sector provides specific information to reporting entities in the sector about ML/TF risks at the national level. Its primary aim is to assist the sector in identifying and disrupting ML/TF risks to Australia's financial system, and reporting suspected crimes to AUSTRAC.

The non-bank lending and financing sector is diverse, consisting of more than 600 reporting entities providing services including personal finance, payday lending, buy now pay later services, residential property finance, loan offset accounts, motor vehicle finance, equipment and leasing finance, commercial finance and credit cards. To develop this risk assessment AUSTRAC engaged with stakeholders in the sector, including: non-bank lenders and financiers; industry associations and experts; and partner agencies. We collected information and insights about threats, vulnerabilities and consequences specific to the sector. Our findings were also informed by analysis of transaction and suspicious matter reporting by the non-bank lending and financing sector, and analysis of AUSTRAC and partner agency intelligence reporting. AUSTRAC assessed the overall ML/TF risk associated with the non-bank lending and financing sector to be medium.

Reporting entities interviewed as part of this risk assessment's development were surveyed regarding the risk assessment's utility. One survey respondent indicated that, in addition to the risk assessment having a moderate (or higher) level of influence on their risk mitigation attitudes or behaviours, it also resulted in a moderate (or higher) level of understanding of the ML/TF risks they face and it influenced changes to the entity's AML/CTF program.

BANKING SECTOR RISK ASSESSMENTS

In September 2021 AUSTRAC published four risk assessments of Australia's banking sector, focussing on Australia's Major Banks, Australia's Other Domestic Banks, Foreign Subsidiary Banks in Australia, and Foreign Bank Branches in Australia.

Australia's banking sector is large and diverse. Delivering four separate risk assessments recognises discrete segments within the banking sector, each facing unique ML/TF risks that may not necessarily be shared across the entire sector. The primary aim of the banking risk assessments is to assist reporting entities in the sector to identify and disrupt ML/TF risks to Australia's financial system, and report suspected crimes to AUSTRAC.

To develop these products we engaged extensively with stakeholders in the banking sector, including reporting entities, third party service providers, consultancies, industry associations and partner agencies. We collected information and insights about threats, vulnerabilities and consequences specific to the sector. AUSTRAC assessed the overall ML/TF risk associated with Australia's major and other domestic banks to be high, while the overall ML/TF risk associated with foreign subsidiary banks and foreign bank branches was assessed as medium.

Reporting entities interviewed as part of each risk assessment's development were surveyed regarding the assessment's utility. Approximately two-thirds (or greater) of banking survey respondents indicating the risk assessments had a moderate (or higher) influence on their risk mitigation attitudes or behaviours. 80% of survey respondents indicated the risks assessments had resulted in a moderate (or higher) level of understanding of ML/TF risks in their sector. 60% of survey respondents indicated the risk assessments resulted in the commencement (or completion) of amendments to their AML/CTF programs.

In addition to the four banking sector risk assessments, in late August 2021, AUSTRAC disseminated our inaugural risk insights product, concerning third-party cash deposits through intelligent deposit machines (IDMs), to Australia's four major banks.

Completed in collaboration with Fintel Alliance, a data set of 7.8 million transactions was analysed to provide insights into the suspicious activity and criminal exploitation of IDMs that accept third-party cash deposits. As a result, three major banks have changed their controls, either limiting the amount of funds that can be deposited or ceasing to offer this functionality. This work highlights the importance of collaboration by using strategic intelligence to influence IDM risk settings and controls in one of Australia's most important reporting entity cohorts.



STRENGTHEN - AUSTRAC ensures criminal risks within Australia's financial system are identified, mitigated and managed effectively.

Performance measure:

3.10. Percentage change in number of relevant suspicious matter reports (SMRs) received following completion of a Fintel Alliance project, over the 6-12 month period following said project, per project.

Result

Target:

Not practicable to set a target

Source:

AUSTRAC Corporate Plan 2021-25 p38
Portfolio Budget Statements 2021-22,
Program 1.1. p195

No target

Positive percentage change

AUSTRAC educates reporting entities on the risks associated with certain crimes. This is to help improve reporting entity understanding and capability in detecting and reporting via SMRs when they have a reasonable suspicion. The information generated from SMRs is crucial in identifying potential illegal activity and assists AUSTRAC to detect and prevent the flow of illegal funds through Australia's financial system. Improving the quality, quantity and timeliness of SMRs provides us the best chance to detect, deter and disrupt criminal activity. This is a broad AUSTRAC objective and many functions within the agency contribute to it, including the Fintel Alliance.

Fintel Alliance allows AUSTRAC to work in partnership with government, law enforcement and reporting entities to understand emerging or complex financial crime risks. Learnings and insights into these financial crime risks, developed via Fintel Alliance projects, are captured in financial crime guides to improve reporting entities' understanding and capability to respond.

During the reporting period, two Fintel Alliance projects demonstrated a positive percentage change in the number of relevant SMRs received following completion of the project. As per our internal control documentation, only projects that had a Fintel Alliance reference code were captured by this measure, and only SMRs from Fintel Alliance members were included in the SMR count (as these were identifiable by their Fintel Alliance reference code).

COMBATTING CHILD EXPLOITATION

Financial service providers play an important role in combating the sexual exploitation of children. Fintel Alliance established a project in 2018 to advance the development of profiling and transaction monitoring programs to assist reporting entities to target, identify and stop financial transactions associated with the sexual exploitation of children.

This project closed in November 2020, with the 12 month review period captured during the first half of this reporting period. A modest increase of 1% was seen over this review period (see Table 15 and Table 16 for a breakdown of the number of SMRs). Noticeably, in the quarter the project closed, SMRs reached a high of 2,102. Importantly, following the project closure there was an increase in the quality of reporting as reporting entities developed confidence in their detection capabilities. We also discovered reporting entities now submit SMRs referencing multiple entities—based on application use or methodology—instead of an SMR reporting on a single entity. This change would explain the modest increase in reporting, despite an enhanced understanding and detection capability in reporting entities.

Table 15: Child exploitation-related SMRs in 12 month period after project

Oct-Dec 2020	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Total
2,102	1,278	900	800	5,080

Table 16: Child exploitation-related SMRs in 12 month period before project

Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Jul-Sep 2020	Total
1,214	1,229	974	1,598	5,015

TARGETING FRAUD AGAINST THE NATIONAL DISABILITY INSURANCE SCHEME

A key theme of the Fintel Alliance is targeting and responding to the exploitation of government revenues—that is, protecting Australia’s tax system and other government programs from abuse. A project was established in 2020 targeting fraud against the National Disability Insurance Scheme (NDIS), in partnership with the National Disability Insurance Agency (NDIA).

In December 2020, AUSTRAC published an NDIS fraud prevention financial crime guide which was developed by the Fintel Alliance in collaboration with the NDIA. The release of the guide resulted in the receipt of increased SMRs detailing suspected fraud against the NDIS (see Table 17 for the relevant percentage changes). This enhanced reporting led to an escalation of intelligence to the NDIA for investigation, and where relevant, disruption. AUSTRAC information, collected on primary targets for investigation, provided insight into the methodology used by organised crime groups to move fraudulent payments, and provided links to additional persons of interest engaged in similar fraudulent activity.

Table 17: Percentage change in NDIS-related SMRs over relevant reporting periods

Financial year	NDIS-related SMRs	Percentage change in the number of relevant SMRs
2021-22	144	162%
2020-21	89	206%
2019-20	43	N/A

Using this measure over the past 12 months, we have identified a significant limitation. Due to the non-linear nature of projects undertaken by the Fintel Alliance, this measure has proven difficult to demonstrate and is not considered to provide an effective evaluation of the impact of projects undertaken. As such, from 2022-23 onwards, this measure has been adjusted to a simple count of all SMRs with a Fintel Alliance reference code submitted during the relevant reporting period. This will enable a comparison of all project-related SMRs across the relevant 12 month period against previous reporting periods. Monitoring the reporting volume of Fintel Alliance-coded SMRs will provide us with insights into identified and emerging financial crime trends.



DISRUPT - AUSTRAC collaborates with partners to disrupt criminal exploitation of Australia’s financial system.

Performance measure: 4.1. Sum of ATO-recovered revenues and liabilities attributable to AUSTRAC data and AUSTRAC financial intelligence over the preceding 12 month period.		Result
Target: Not practicable to set a target	Source: AUSTRAC Corporate Plan 2021-25 p39 Portfolio Budget Statements 2021-22, Program 1.1. p195	No target \$105 million and \$473 million

AUSTRAC contributes to the ATO’s recovery of revenues and liabilities in two ways:

1. the provision of high-volume transaction report data via AWB and directly into ATO systems, enabling the ATO to identify undeclared foreign-source income and serious non-compliance (for further information on AWB, see measure 4.4.)
2. contributing to the outcomes achieved by the ATO-led SFCT through the provision of financial intelligence (for further information on the task force, see measure 2.6.).

During the reporting period, the ATO found that:

- 2,501 of its cases used AUSTRAC’s data/information to contribute to \$105 million of liabilities raised, with 10-year total liabilities of \$2.2 billion
- the SFCT raised approximately \$473 million in tax liabilities, with approximately \$79 million recouped by the ATO this financial year.

Table 18: AUSTRAC data use by the ATO


Year	Number of cases	Liabilities raised
2021-22	2,501	\$105 million
2020-21	2,355	\$38 million
2019-20	586	\$62.9 million

We acknowledge a limitation of this measure is its reliance on data captured via a third party, making it impossible for AUSTRAC to gain assurance over the reliability and verifiability of the data source and methodology. Should we continue to use this measure in the future, we will explore ways to address this limitation.

For further information on AUSTRAC's contributions to the SFCT, see measure 1.2.



DISRUPT - AUSTRAC collaborates with partners to disrupt criminal exploitation of Australia’s financial system.

Performance measure: 4.2. Sum of Criminal Assets Confiscation Task force (CACT) Gross Restrained assets, which AUSTRAC data and AUSTRAC financial intelligence have contributed to the restraint of, over the preceding 12 month period.		Result
Target: \$600 million over 5 years	Source: AUSTRAC Corporate Plan 2021-25 p39 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Achieved \$138 million

During 2021-22, AUSTRAC data and financial intelligence contributed to the restraint by the CACT of \$138 million in gross restrained assets. The CACT is on track to achieve the target of \$600 million over five years (in 2020-21, assets in excess of \$185 million were restrained).

AUSTRAC officers are embedded in the CACT in NSW, Victoria, the ACT, Queensland and Western Australia. These officers provide financial intelligence and advice across multiple regional CACT investigations. The analysts use AUSTRAC, partner agency, open source, property and banking information to provide insights into the financial and asset holdings of targets.

Our embedded analysts provide the gateway and advocacy for CACT to access the entire suite of capabilities offered by AUSTRAC more broadly. These include specialised intelligence capabilities, Fintel Alliance, AUSTRAC’s International Operations and Regulatory Operations branches. AUSTRAC’s contribution to the CACT has been acknowledged by the AFP with our embedded members receiving the AFP Commissioner’s Foundation Day Award Group Citation for Conspicuous Conduct as part of their service to the CACT.

We acknowledge a limitation of this measure is its reliance on data captured via a third party, making it impossible for AUSTRAC to gain assurance over the reliability and verifiability of the data source and methodology. Should we continue to use this measure into the future, AUSTRAC will explore ways to address this limitation.


AUSTRAC CONTRIBUTIONS TO CACT OUTCOMES

Examples of AUSTRAC contributions to CACT investigations during 2021-22 include the following.

- A CACT investigation commenced in 2020 after receiving financial intelligence from AUSTRAC which identified suspicious account activity and large funds transfers between bank accounts in Western Australia and Thailand. The international money laundering and tax fraud investigation led to, in May 2022, a man being ordered to forfeit to the Commonwealth \$4 million worth of restrained assets under the Proceeds of Crime Act 2002. These included funds in bank accounts, an apartment and other property, as he was unable to explain where the wealth had come from. AUSTRAC's agility across the international and private sector space added significant value to the investigation.
- AUSTRAC provided financial analysis on a crime syndicate involved in the importation and trafficking of commercial quantities of border-controlled drugs. Transaction tracing via bank accounts and AUSTRAC data identified the network used by the group internationally and unknown bank accounts. During the investigation, \$6 million in cash and cash-counting equipment was restrained. In September 2021, the amount was forfeited to the Commonwealth after court orders were not challenged.
- Working closely with CACT, AUSTRAC provided ongoing intelligence analysis, including identification of assets, establishing likely 'effective control' of assets, determining identifiers of relevance for warrant action, and development of financial profiles of targets. This was to support a joint drug trafficking and money laundering investigation involving the AFP, ABF and AUSTRAC in November 2020. This investigation resulted in the seizure and later forfeiture of more than \$1 million in cash and three luxury cars valued at more than \$100,000 each. Two men, then aged 37 and 32, were jailed as part of the investigation.

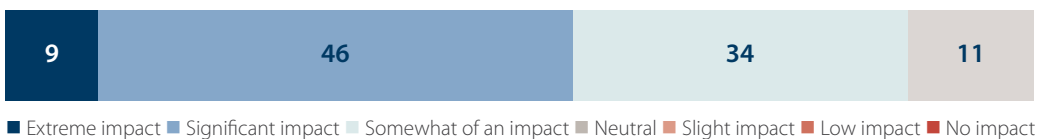


DISRUPT - AUSTRAC collaborates with partners to disrupt criminal exploitation of Australia’s financial system.

Performance measure: 4.3. Percentage of partner agencies who rate the impact of AUSTRAC’s data and financial intelligence to their work as SOMEWHAT OF AN IMPACT (or higher), annually.		Result
Target: 65%	Source: AUSTRAC Corporate Plan 2021-25 p39 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Achieved 89%

AUSTRAC works collaboratively with national and international partners to detect, investigate and disrupt serious crimes and national security threats. As outlined throughout these statements, we do this via many means including membership in task forces, dissemination of product, and identifying new threats and risks in transaction data. In doing so, we seek to have a strong positive impact on the work of our partners. In the first year that we have sought such feedback, 89% of respondents rated the impact AUSTRAC’s data and financial intelligence had on their work as SOMEWHAT OF AN IMPACT or higher.³⁴

Figure 5: Impact of AUSTRAC’s data and financial intelligence to partners’ work (%)



34 7 = Extreme impact; 6 = Significant impact; 5 = Somewhat of an impact; 4 = Neutral; 3 = Slight impact; 2 = Low Impact; 1 = No impact.

AUSTRAC commissioned an external provider to develop a stakeholder feedback survey, and report the results. We surveyed 72 partner entities, consisting of 30 domestic partner entities³⁵ (with multiple contacts identified at some entities, noting AUSTRAC has multiple relationships at single entities, so 68 individuals were provided the survey), and 42 international partner entities. The stakeholders surveyed were recipients of AUSTRAC intelligence products,³⁶ and, in relation to international partner entities, FIUs with which we had an MOU.³⁷ On the seven-point scale used, ratings of SOMEWHAT OF AN IMPACT (or higher) represented the top three positive responses.

In 2022, 56 stakeholders completed the survey consisting of 28 domestic and 28 international respondents. This provided an overall response rate of 51%, with domestic and international responses being 41% and 67% respectively. As with all surveys, we are dependent on the willingness of stakeholders to participate. To maximise participation we issued reminders to stakeholders. We note that with more product disseminations being made to domestic than international partners through the financial year (see measure 2.4.), the response rates may be less representative of domestic stakeholder views than those of international stakeholders.

The responses were anonymised to enable confidence in the survey process, and we are unable to develop any greater understanding of the impact the differing response rates may have had. We note that of the domestic stakeholder respondents, 97% rated the impact of AUSTRAC's data and financial intelligence to their work as SOMEWHAT OF AN IMPACT (or higher) with remaining respondents reporting NEUTRAL.

As outlined in our 2022-26 corporate plan, this measure is being amended with effect from 2022-23. The data is captured using the same survey as for measure 2.5. As such, referring to those surveyed as being 'stakeholders' is more accurate (noting that in the majority of instances for domestic entities, we did not ask for a single response from each partner agency, but asked more than one employee as AUSTRAC has multiple relationships with any given agency). With the new 'value of data to Analyst WorkBench users' measure (see measure 4.4.), we also removed the reference to 'data' in this measure and survey question.

35 These entities consisted of Australian federal government departments or agencies, Australian law enforcement agencies, Australian state or territory departments or agencies, Fintel Alliance members.

36 As defined under measure 2.4.

37 See measure 1.3. in relation to MOUs.

FOILING OF DOOMSDAY PREPPER

On 24 November 2021, NSW Police raided a semi-rural property on the outskirts of Sydney, locating explosives, illegal weapons and ammunition. A lead from AUSTRAC provided the key tip-off to the NSW Police Firearms and Drugs Squad in the investigation and arrest of a 42-year-old man. Whilst living in regional Kurrajong Heights, the man had amassed a formidable arsenal of homemade explosives and firearms, including 250kg of ammonium nitrate and various other chemicals, 77 knives and five electronic stun devices, and homemade firearms including six silencers. In media reporting following the arrest, NSW Police noted they had never made a seizure of 'alarming items' of this magnitude before.

FINTEL ALLIANCE RECEIVES INTERPOL AWARD

AUSTRAC's Fintel Alliance was awarded the Partnerships in Conservation Award by INTERPOL in recognition of its contribution to protecting wildlife from illegal trafficking. The win by Fintel Alliance is notable in a year when the International Criminal Police Organization received a record number of nominations for the Wildlife Crime Working Group awards. The award underscores the success of the first collaboration between Fintel Alliance and the Department of Agriculture, Water and the Environment, whose expertise was critical to complete the picture around the threats targeting Australia's wildlife.

BEST COLLABORATION OF THE YEAR AWARD

On 19 May 2022, the Fintel Alliance was awarded the Best Collaboration of the Year Award by the International Compliance Association. The award recognises the collaborative efforts of the Fintel Alliance to identify and disrupt organised crime syndicates using ATMs to launder the proceeds of crime. Through Fintel Alliance, AUSTRAC partnered with the Western Australia Police Force, ANZ Bank, Commonwealth Bank of Australia, NAB and Westpac bank to commence a joint intelligence operation in 2020. The Fintel Alliance was able to identify money laundering syndicates looking to move the proceeds of crime through ATMs around Australia. As at 30 June 2022, the project has led to 13 arrests across the country, as well as the seizure of over \$4 million in cash and assets.

NATIONAL CASINO STRATEGY

AUSTRAC commenced a national casino strategy to coordinate our lines of effort to actively address the significant risks of money laundering through casinos, and support the regulation and education of the gambling sector. AUSTRAC worked with Commonwealth and state government, law enforcement and private partners to:

- produce national insights reports into high-risk entities and patterns of activity at gaming venues
- generate high-quality, actionable referrals to law enforcement and government partners, identifying high-risk entities involved in money laundering and/or other criminal activity
- identify new and emerging money laundering methodologies and trends associated with gaming venues
- build confidence in the integrity of Australia's gambling sector and the commitment of the Australian Government to combat money laundering and criminal exploitation at gaming venues.

PROTECTING THE INTEGRITY OF THE RAT SUPPLY CHAIN

AUSTRAC leveraged intelligence holdings and partnerships to support Government efforts to protect the integrity of the rapid antigen test (RAT) supply chain. In addition to supporting the role of the Australian Competition and Consumer Commission, AUSTRAC disseminated intelligence to the Therapeutic Goods Administration to support an active investigation into suspected unlawful importation of RATs. The analysis provided information pertaining to the suspected offending, including contracts for the importation of RATs and sales invoices.


AUSTRAC'S REGULATORY FUNCTION ASSISTING DISRUPTION ACTIVITIES

As part of AUSTRAC's strengthened registration processes for DCE and remittance providers³⁸, AUSTRAC and the ACIC worked together in early 2022 to identify and cancel the registration of 20 businesses, whose key personnel had been previously charged with serious criminal offences. The offences ranged from dealing with the proceeds of crime, fraud, possession and distribution of illicit drugs and tobacco, to child sexual exploitation offences. AUSTRAC and our partner agencies will continue to undertake these disruption activities to ensure the integrity of these sectors is maintained.

38 See measure 3.3. for further information.



DISRUPT - AUSTRAC collaborates with partners to disrupt criminal exploitation of Australia's financial system.

Performance measure: 4.4. Number of times partner agency users accessed AUSTRAC data via Analyst Workbench (AWB), annually.		Result
Target: Establish a baseline	Source: AUSTRAC Corporate Plan 2021-25 p39 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Achieved 8,687,875

During 2021-22, partner agency users accessed AUSTRAC data via AWB 8,687,875 times. For the purposes of this measure, 'accessed' meant a single search event in AWB, inclusive of filtering instances. The partner agencies with the highest AWB use based on number of query events were the Department of Home Affairs, AFP and ATO, which reflects the highest partner agency user cohorts of AWB. As this was the first year partner agencies could access AUSTRAC data exclusively through AWB (and not via the now decommissioned TRAQ Enquiry System), the target of establishing a baseline was met. We took the result as the accepted baseline for 2021-22, noting this measure has been replaced from 2022-23 (see below for further information).

As outlined in measure 1.1., reporting entities are legally required to report certain transactions and suspicious matters. To improve the collective understanding of risks to the Australian financial system, our designated partner agencies have direct online access to AUSTRAC's database via AWB to view transaction reporting, including SMRs. The enhanced capability delivered by AWB has increased users' capacity to access AUSTRAC information 24/7 in near real-time. This assists enquiries and investigations, and provides modern tools for extraction and analysis. SMRs are available to all users within 24 hours of receipt, and AUSTRAC immediately forwards SMRs that are potentially high risk.³⁹ In partnership with designated partner agencies, AUSTRAC developed financial profiles to detect entities of interest, or patterns of transactions that may indicate money laundering, terrorism financing or serious criminal activity. Profiles and SMR triage are aligned to partner agency and national intelligence priorities.

³⁹ A reporting entity must submit an SMR to AUSTRAC within: (i) 24 hours after forming a suspicion if it relates to terrorism financing; (ii) three business days after forming the suspicion in all other cases.

As at 30 June 2022, AWB supported 5,248 external users across 38 partner agencies. Part 11 of the AML/CTF Act dictates what AUSTRAC information can be accessed by partner agencies, and under what circumstances. If an agency is eligible to access AWB, a MOU is drafted outlining the agreement, with an instrument of authorisation that dictates the legal requirements of the use of AUSTRAC data, alongside user numbers, 'super users' and audit requirements.


As we noted in the rationale for this measure in our 2021-25 corporate plan, this measure does not provide an understanding of the impact or usefulness of AWB access to users. Being a measure of an activity, it also does not meet PGPA Rule requirements that measures be either outputs, efficiency or effectiveness focused. As such, as per our 2022-26 corporate plan, we will replace this measure with one that will seek to provide insights into the usefulness of our AWB-accessible data to the work of AWB users.

PROVIDING SPECIALIST TRAINING TO SUPPORT AUSTRALIAN SANCTIONS AGAINST RUSSIA

As discussed elsewhere in these statements, AUSTRAC established Operation Scar to coordinate our response to autonomous sanctions against Russia and Belarus following the Russian invasion of Ukraine. This involved (and still does) working with key domestic and international partners to understand and monitor for potential sanctions breaches, financial flows and assets held by sanctioned entities in Australia. AUSTRAC provided specialist training on our systems and data to the Australian Sanctions Office at DFAT to better integrate financial analysis into their work as sanctions regulator.



OPTIMISE - AUSTRAC continuously evolves and adapts business operations to succeed in a dynamic operating environment.

Performance measure: 5.1. Percentage of technology projects, closed during either the current financial year or the previous financial year, that realise their approved benefits, annually.		Result
Target: 70%	Source: AUSTRAC Corporate Plan 2021-25 p40 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Achieved 85.7%

This reporting period saw six of seven technology projects (85.7%) closed, either during the current or previous financial year, realising their approved benefits.

Five of the projects had already achieved their benefits on closure, while a sixth achieved 100% of its benefits within 12 months of project closure. The benefits of the seventh project were expected to be realised in the 2021-22 financial year, but this did not occur due to resourcing issues arising from a challenging labour market. Progress towards achievement of these benefits is monitored by our Capability Sub-Committee (CSC) and Reporting Entity System Transformation (REST) Program Board (RPB) monthly.

AUSTRAC monitors project benefit realisation as a means of ensuring our projects deliver the capabilities they were approved to develop. The time period of two financial years allows the measurement of benefits either at the point of project closure or 12 months after closure. This time period was adopted noting the diverse nature and timeframes of every project, and that benefits may not be realised upon the immediate finalisation of a project, but rather, following the implementation of the new tool or capability into business processes.

Project benefit realisation is monitored by AUSTRAC's project governance processes and requires committee clearance. A project closure report is developed at the conclusion of each project. Each report includes measurement of benefits delivered as at project closure (with evidence provided), and identifies outstanding benefits to be delivered within a specified time period following project closure. The 'benefits realisation register' records project progress toward benefits delivery and records project completion. It is via this Register that we identify projects for inclusion in this measure based on when they were closed and their respective benefits realisation status.

In accordance with our internal control documentation, we defined 'technology projects' captured by this measure as capability and transformation projects approved by our Governance Committee, and managed through the CSC or RPB, on the basis of their alignment to AUSTRAC strategies. Given it was not the intent of this measure to strictly capture only 'technology' projects, we have replaced 'technology projects' with 'agency approved capability and transformation projects' for this measure from 2022-23 (as outlined in our 2022-26 corporate plan).

EXAMPLES OF RECENTLY COMPLETED AUSTRAC PROJECTS THAT REALISED THEIR BENEFITS

Disaster recovery data centre relocation

The purpose of this project was to relocate AUSTRAC's disaster recovery centre from our previous Sydney office location to a purpose-built data centre. This project was completed in June 2022, with the new data centre established and the environments migrated in line with AUSTRAC's strategic priorities.

All benefits for this project were realised, including alignment with the Department of Home Affairs Data Centre strategy, increased disaster recovery data centre availability, separation of AUSTRAC's Sydney office and data centre requirements, and the establishment of shared services between agencies.

Digital servicing

Since 2011 AUSTRAC has used PDF-based 'smart forms' to collect and update enrolment and registration information from reporting entities under the AML/CTF Act. This project was established to deliver a replacement forms solution on upgraded software platforms, and provide business continuity of specific data collection functions of the agency.


This project was completed in November 2021 with all benefits for this project realised. These included enhanced customer digital experience (for example, using the forms on mobile devices and modern web browsers), compliance with whole-of-government accessibility requirements and supportable technology for future upgrades. The enhanced user functionality of the new forms also resulted in a significant reduction in calls to the AUSTRAC Contact Centre regarding form submission.

Brisbane property project

The Brisbane property project was completed in November 2021, with all project benefits realised. The primary purpose of this project was to maintain AUSTRAC's physical presence in Brisbane to enable continued, regular engagement with Queensland-based reporting entities and law enforcement partners. The project secured premises and delivered a fit-out of a commercial office accommodation space within the Brisbane CBD precinct.



OPTIMISE - AUSTRAC continuously evolves and adapts business operations to succeed in a dynamic operating environment.

Performance measure: 5.2. Percentage of instances a streamlining opportunity from an enabling function results in a realised efficiency, annually.		Result
Target: 70%	Source: AUSTRAC Corporate Plan 2021-25 p40 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Achieved 100%

Over the 2021-22 period, the target for this measure was surpassed with 100% of streamlining opportunities, identified by an AUSTRAC enabling function, resulting in a realised efficiency.

AUSTRAC continually seeks out new ways to find efficiencies in how we work. In addition to large-scale transformations driven through our capability enhancement and transformation programs (see measure 5.1.), we recognise opportunities to reduce red tape through improvements to daily operations, such as streamlining business processes and improving and digitising workflows. These targeted and effective, activities that reduce internal red tape and generate time and/or cost savings are captured in a register to track activities. This is to ensure identified opportunities for streamlining are actioned and to encourage similar initiatives across the agency.

Of opportunities identified, we aim to ensure at least 70 per cent of these are successfully implemented and are generating the intended efficiencies. The assessment of successful implementation is determined by the agency's Finance and Resourcing Sub-Committee (FRSC) in accordance with the criteria for success outlined in the standard operating procedure.

The opportunities resulting in realised efficiencies this period spanned multiple AUSTRAC enabling functions, demonstrating our commitment to finding efficiencies in various business processes, including procurement, recruitment, personnel security vetting and program reporting.

A limitation impacting this measure was the data capture and recording component being reliant on teams to self-identify and report such opportunities. We sought to mitigate this by reminding FRSC members of the need to report on streamlining opportunities via the register and by periodic communications with relevant Directors across the Capability and Strategy division.

To date, this measure has been used as a proxy efficiency measure. With the development of two new efficiency measures in our 2022-26 corporate plan, this measure will be retired from external reporting with effect from 2022-23.

EXAMPLES OF STREAMLINING OPPORTUNITIES RESULTING IN REALISED EFFICIENCIES

Introduction of an electronic recruitment system

On 1 July 2021, the new AUSTRAC eRecruit system went live. The system replaced manual paper forms and processes with digital workflows in an electronic recruitment system for the management of agency recruitment activities, increasing the efficiency of activities and better supporting recruitment panels. Previously, employment applications were received via email and manually registered in a spreadsheet. Analytical data was challenging to collect and lacked accuracy, and approval processes via paper and difficult to track.

With increasing numbers of candidates and recruitment activities, our continued reliance on a manual process was not viable. The introduction of an electronic recruitment system provides efficiencies for candidates, hiring managers, delegates and corporate users such as AUSTRAC's human resources teams.

In addition to the efficiencies gained our human resources teams and hiring managers, the system has been designed to reduce our reliance on external scribes to prepare recruitment reports, which is a cost saving in itself. It is also expected that external user experience will be enhanced with the introduction of the new system, with potential positive impacts on employee retention and employer reputation.

Positive Vetting security clearance justification process

This opportunity sought to address the lengthy time and unnecessary paperwork associated with completing Positive Vetting security clearance justifications for agency personnel. Key improvements included:

- conversion of a PDF form to a simple email template that no longer required a document to be saved, attached and then sent
- elimination of the need for delegates to physically sign the document
- reduction in record keeping requirements for the Personnel Security team (that is, saving one rather than multiple approval records).

This simplified process resulted in the reduction in time required of AUSTRAC business units to complete the justification, and of delegates providing endorsement and approval of applications. It also maintains AUSTRAC's compliance with mandatory requirements of the Protective Security Policy Framework.

Digital reporting for AUSTRAC's capability and transformation program


After a successful trial period for RPB, a digital reporting format was introduced across project and program CSC reporting from July 2021. This opportunity sought to reduce the administrative effort required of project teams to report in Word documents, and enhance the clarity, visibility and auditability of program reporting.

Project and program reporting now occurs in the Confluence platform, enabling repeatable reporting formats to be established and utilised. This has resulted in significantly reduced administrative effort across AUSTRAC's Program Management Office and all project teams. Other benefits include improved availability of committee meeting documents for members and enhanced quality and auditability of reporting by linking project resources to primary dashboard reports.

The Senior Responsible Officer, CSC members and project teams have remarked on the positive impact of this rollout, namely the reduced administrative effort required to complete reports and improvements in quality and timeliness of reporting.



OPTIMISE - AUSTRAC continuously evolves and adapts business operations to succeed in a dynamic operating environment.

Performance measure: 5.3. Percentage of AUSTRAC staff who agree their workgroup has the appropriate skills, capabilities and knowledge to perform well, annually.		Result
Target: 85%	Source: AUSTRAC Corporate Plan 2021-25 p40 Portfolio Budget Statements 2021-22, Program 1.1. p195	 Achieved 86%

Of the AUSTRAC staff who completed the 2021 Australian Public Service (APS) Employee Census,⁴⁰ 86% agreed their workgroup has the appropriate skills, capabilities and knowledge to perform well. With 90% of AUSTRAC staff completing the census, we believe this result is representative of AUSTRAC staff opinion on this matter.

AUSTRAC's ability to optimise our business operations is directly impacted by the enhancement of employees' capabilities. We endeavour to support our employees via a range of mechanisms, ensuring they have the requisite skills and capabilities to perform their roles effectively. This measure enables us to understand whether our employees believe they are receiving sufficient resources and support to do their work, providing us with an opportunity to address concerns if they arise.

The 2020 census saw 86% of respondents agreeing their workgroup has the appropriate skills, capabilities and knowledge (and this census was completed by a comparable 91% of APS AUSTRAC staff) – an 8% improvement on the 2019 result. We believe this is demonstrative of our continued, successful efforts to ensure staff have the requisite skills and capabilities notwithstanding this period of growth and change.

⁴⁰ With the APS Employee Census proceeding across May-June and results not available until July, after our reporting period for the relevant year has concluded, we use the results from the census held in the first year of the relevant financial year period, e.g. we have used 2021 census data for the 2021-22 year, and will use 2022 census data for the 2022-23 year.

During the reporting period we undertook the following to ensure our staff have the appropriate skills, capabilities and knowledge to perform their roles effectively.

- We implemented the Learning and Development Framework 2021-23, with specific focus on the immediate uplift of six priority 'common' capability areas (that is, an agreed set of agency-wide development needs that will enable AUSTRAC to respond to the challenges of the future). Recognising that learning occurs in a range of contexts, development is enabled via a mix of in-house delivered, online learning, coaching and mentoring, secondments and mobility options.
- A refresh of our online learning and development platform, LearnHub, to support learning against the six 'common' capability areas and identified 'core' learning opportunities (addressing specific role requirements for AUSTRAC's three divisions). This also improved on-boarding and access to relevant online learning. We focused on developing and delivering courses that align to our priority areas identified in the Learning and Development Framework.
- The launch of AUSTRAC's Leadership Strategy 2022-25 provides a clear and consistent approach to leadership development across all levels in the agency. The strategy articulates the qualities and behaviours expected of AUSTRAC leaders that will enable us to effectively operate and lead through our ever-changing environment. It provides tailored learning pathways designed to support capability development for each leadership cohort.

We acknowledge a limitation of this measure is that we are reliant on data captured via a third party, so it is impossible for AUSTRAC to gain assurance over the reliability and verifiability of the data source and methodology. We decided to accept the risk of an inaccurate result being reported, owing to the maturity of the APS Employee Census and its associated methodology, and that the census is designed to remove the need for agencies to conduct such a census on their own behalf.

ANALYSIS OF PERFORMANCE

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. Our sole outcome, as per our Portfolio Budget Statements 2021-22, is the protection of the financial system from criminal abuse through actionable financial intelligence, risk-based regulation, and collaboration with domestic and international partners. We seek to protect the Australian community from money laundering, terrorism financing and other serious crime, by collaborating with partners to strengthen Australia's financial sector through our regulatory and intelligence programs.

We seek to achieve our purpose via five strategic pillars: Discover, Understand, Strengthen, Disrupt and Optimise. It is through these five pillars that we measure our performance and demonstrate achievement of our purpose. During the reporting period AUSTRAC successfully delivered outcomes across all five pillars, achieving 25 of the 26 performance measures.

Through our intelligence function, we realised the strategic and operational value of our intelligence by working closely with law enforcement and national security partners to combat money laundering, terrorism financing and other serious crime. We identified potential criminal activity or national security risks via our financial data submitted by reporting entities, including instances of new themes, threats or uses of technology. We shared this information and intelligence with our domestic and international partners, using methods including the dissemination of intelligence products, participation in task forces and working groups and presentations. We leveraged our domestic and international partnerships to learn from their experiences, and exchange information and intelligence.

During 2021-22, AUSTRAC maintained our strong engagement with industry partners, through our world-leading public-private partnership, Fintel Alliance. This improves our understanding of money laundering and terrorism financing risks, and delivers more targeted operational outcomes. We also continued to build the capability and capacity of international partner agencies to understand the vulnerabilities and risks within their own financial system, as well as the global financial system, and then be able to identify and respond to such vulnerabilities and risks.

Though our regulatory function, we ensured reporting entities complied with their obligations to have systems and controls in place to mitigate and manage the risk of criminal exploitation and the incidence of money laundering. We educated reporting entities on their obligations and high-risk areas, using published guidance products, hosting workshops, industry sector presentations and supervisory campaigns to encourage voluntary compliance. We ensured, where possible, the AML/CTF scheme was proportionate, including through the provision of exemptions and modifications to AML/CTF obligations, and that Rules and policy were developed in collaboration with reporting entities and industry associations. The implementation of an enhanced registration process allowed us to readily identify applicants who may have presented a significant money laundering, terrorism financing or other serious crime risk to the financial system.

We continued to prioritise compliance activities based on ML/TF risk exposure, and how well reporting entities were meeting their obligations and managing their ML/TF risks. We leveraged data and digital technology to identify instances of non-compliance by reporting entities. Through detailed review and testing, we assessed the compliance of triaged reporting entities, and also managed an increasing number of entities undertaking remediation to strengthen their AML/CTF controls following AUSTRAC regulatory activities. In instances of serious and/or systemic breaches of the AML/CTF Act, we took enforcement action to ensure the reporting entities are brought back into compliance and take the necessary steps to effectively identify and manage their ML/TF risks.

As outlined in these statements, after having used the measures for 12 months, some limitations were identified across various measures. As part of AUSTRAC's continued maturation of our performance measurement framework, we have sought to address these limitations where possible (noting resource constraints hinder changes to some of our data-capturing processes). This includes changes to some of the measures, as per our 2022-26 corporate plan, ranging from small wording adjustments to new measures. We believe the benefits of more appropriate, relevant measures outweigh the impact of such changes on the ability to assess future performance against past results in the short term.

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FINTEL
ALLIANCE



ABOUT FINTEL ALLIANCE

Fintel Alliance is an AUSTRAC initiative, established in 2017 as a public-private partnership (PPP) to increase the resilience of the financial sector to prevent exploitation by criminals, and support investigations into serious crime and national security matters.

Fintel Alliance brings together experts from financial institutions, state and Commonwealth law enforcement and intelligence agencies, as well as academic and research institutions. Each partner provides a unique perspective on the financial sector. Working together, Fintel Alliance develops shared intelligence and delivers innovative solutions to detect, disrupt and prevent money laundering and terrorism financing.

Fintel Alliance has strengthened AUSTRAC's role as Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regulator and financial intelligence unit (FIU) regulator. By harnessing the resources and knowledge of industry, government and international partners, our collective ability to detect crime and share information on the financial sector has been enhanced.

For more information on Fintel Alliance visit austrac.gov.au/about-us/fintel-alliance.

THE YEAR IN REVIEW

During 2021-22, the Fintel Alliance Executive Board (which superseded the Fintel Alliance Strategic Advisory Board) challenged Fintel Alliance members to expand their activities to include more work to:

- better protect vulnerable members of our community
- broaden their use of AUSTRAC and industry's specialist capabilities
- engage with a greater diversity of partners – including government agencies, reporting entities and NGOs
- consider how national security risks could be collectively better addressed, and
- explore a pilot of transnational PPP.

Much of this will take several years to fully deliver with the Executive Board monitoring the Fintel Alliance Management Committee's quarterly progress reporting to assure success. However, multiple activities have already been delivered from this direction and are outlined in this chapter.

2021-22 HIGHLIGHTS

The past year also saw Fintel Alliance recognised internationally for strong collaboration to protect the Australian community against serious and organised crime. Through focusing on emerging and complex financial crimes, Fintel Alliance delivered outcomes for government, law enforcement and the financial industry, to disrupt and prevent financial crime.

Fintel Alliance continues to build partnerships to identify and take advantage of opportunities to better protect the community from harm. The past year saw the establishment and progression of projects aimed at protecting the most vulnerable members of the Australian community, assisting in the location of Australia's most wanted fugitives, and targeting organised crime groups to take the profit out of crime.

- **2** international awards received for projects targeting illegal wildlife trafficking and professional money laundering.
- **5** financial crime guides released publicly to prevent the exploitation of emergency and disaster support payments, detect and stop ransomware, prevent the criminal abuse of digital currencies and other financial crimes.
- **343** intelligence products provided to law enforcement and intelligence partners.
- **7,038** suspicious matter reports lodged relating to Fintel Alliance areas of focus.
- **2** fugitives arrested in partnership with the Australian Federal Police Fugitive Apprehension Strike Team.
- Identification of significant fraud involving **\$850 million** in potentially fraudulent payments made to around 40,000 individuals, leading to more than \$1 billion in attempted fraud being stopped by the Australian Taxation Office (ATO).
- **5** disruptions including arrests as a result of targeting criminal communication and domestic abuse through payment text fields.
- **5** working groups facilitated to bring together experts, analysts and practitioners on the complex topics of trade-based money laundering, combating child exploitation and tax crime.

OPERATIONAL STRATEGY

The Fintel Alliance Operational Strategy, along with the Executive Board's strategic direction, outlines key initiatives and strategic enablers for the PPP, as well as how it will achieve desired outcomes and measure success.

The 2020-23 operational strategy identifies the following strategic priorities to be carried forward by the partnership:

- develop a stronger shared understanding of the threats posed by money laundering, terrorism financing and serious financial crime
- build resilience to serious financial crime, through Fintel Alliance activities and learnings, by enhancing the capabilities of public and private partners and the broader regulated community
- pursue improved sharing and innovative exploration of information, including by building supporting infrastructure between public and private partners
- deliver the money laundering and terrorism financing risk assessments program
- identify and pursue operational activities that will deliver broader socio-economic benefits to the Australian community, and produce prevention and disruption outcomes
- demonstrate and make visible the value of Fintel Alliance, through effective performance reporting and communication of outcomes.

Fintel Alliance activities are subject to the oversight of the AUSTRAC CEO and AUSTRAC senior executive, underpinned by a three-tiered governance structure consisting of the Fintel Alliance Executive Board, Management Committee and Working Group.

Fintel Alliance recognised for collaboration with International Compliance Association award

In June 2022 Fintel Alliance was awarded the Best Collaboration of the Year Award by the International Compliance Association. The award recognises the collaborative efforts of Fintel Alliance to identify and disrupt organised crime syndicates using ATMs to launder the proceeds of crime.

Through Fintel Alliance, AUSTRAC partnered with the Western Australia Police Force, Australia and New Zealand Banking Group (ANZ), Commonwealth Bank of Australia, National Australia Bank (NAB) and Westpac Bank, to commence a joint intelligence operation in 2020. Fintel Alliance identified money laundering syndicates looking to move proceeds of crime through ATMs around Australia.

At the time of the award, AUSTRAC CEO, Nicole Rose PSM, said this award spoke to the success of the PPP to break down silos across industry and law enforcement to disrupt crime.

‘The complex and cross-border nature of many financial crimes highlights the need for strong collaboration.’

‘Our major bank partners provided intelligence support throughout the project, which was key to identifying and targeting the money launderers, and providing new leads for law enforcement partners’, Ms Rose said.

A significant outcome of the project was the major banks taking steps to limit funds deposited through ATMs, impacting the ability of serious and organised crime groups to launder the proceeds of crime and enhancing the banks’ compliance with their AML/CTF obligations.

OUTCOMES AND PROGRAM OF WORK

Fintel Alliance has an established program of work based on priority themes including: crimes targeting our most vulnerable community members; exploitation of government revenue; disrupting professional money laundering; and crimes and threats to Australia's domestic and international interests.

Fintel Alliance prioritises operations that require a joint public-private approach and access to the capabilities of the partnership, such as concentration of resources and rapid access to data, analytical and investigative tools.

Fintel Alliance operations produce outcomes including:

- intelligence products, such as threat alerts and financial crime guides designed for industry to incorporate into their detection capabilities
- targeted intelligence reports to contribute to law enforcement investigations and the broader intelligence knowledge pool about specific crime types or threats
- building capability and uplift across AUSTRAC's wider regulated population to identify, report and respond to money laundering and terrorism financing risks, through the transfer of knowledge and insights.

Principal themes of operation

Fintel Alliance's principal themes are:

- crimes affecting our most vulnerable community members—protecting children, the elderly and people with disability
- exploitation of government revenues—protecting Australia's tax system and other government programs from abuse
- networked and complex financial crime—disrupting organised criminal enterprises that seek to exploit multiple businesses and industries
- nationally significant task forces and campaigns—supporting national operations including targeting Australia's most wanted criminals, illicit drugs, transnational and serious organised crime, illegal firearms and support to other national efforts
- responding to regional and community harms—helping to address localised crime, address regional programs and collaborate with regional partners
- technology and sophistication—responding to the most complex money laundering efforts, through innovative approaches to data and information.

THIRD-PARTY CASH DEPOSITS

Following operational activity, Fintel Alliance partners identified a money laundering risk involving cash deposits by non-account owners (third parties) at ATMs, with organised crime syndicates using this method to launder the proceeds of crime.

ATMS USED TO LAUNDER PROCEEDS OF TOBACCO SALES

A depositor was identified using three separate bank cards to deposit over \$3.2 million in cash at ATMs over a four-month period, suspected to be proceeds from the sale of illicit tobacco. The depositor used multiple bank cards and accounts belonging to expired visa holders. On one occasion, more than \$250,000 was deposited in 90 minutes at the same ATM.

In response to the identified risk, Fintel Alliance partnered with law enforcement and the financial industry on a Third-Party Cash Deposit project. Fintel Alliance played a central leadership and coordination role between law enforcement agencies and industry partners to progress the project, including:

- identifying money laundering targets for investigation
- using operational hubs where security-vetted financial industry members could work alongside AUSTRAC analysts on classified matters, to identify financial patterns and predict where and when money laundering was likely to occur
- analysing information and sharing insights and feedback between different partners
- highlighting the need to address the money laundering risk central to each operational matter and coordinate a strategic response to harden the environment to money laundering
- sharing classified information with trusted, appropriately-cleared industry partners, which enhanced suspicious matter reporting and prioritised responses to law enforcement requests for information
- developing or exchanging actionable intelligence products, including:
 - 28 tactical intelligence reports
 - 114 information disclosures
 - a risk insight report
 - a methodology report
 - disclosure of information reports to industry partners leading to the submission of 568 suspicious matter reports
 - spontaneous information disclosures to international partners.

By bringing together subject-matter experts from different jurisdictional law enforcement agencies, the project resulted in the seizure of cash and illicit goods, and disruption of one of Australia's largest money laundering syndicates. Operational outcomes achieved by the project include:

- the arrest of 13 people for offences including dealing in the proceeds of crime, directing activities of a criminal organisation, providing unregistered remittance services and structuring
- disruption of four professional money laundering syndicates operating in Australia, including identifying a money controller located in Europe
- seizure of more than \$4 million in illicitly-obtained cash
- seizure of 270 kilograms of illicit tobacco, as well as other illicit drugs including cocaine, methamphetamine and cannabis
- seizure of encrypted communication devices, luxury vehicles and multiple firearms
- the generation of additional investigations leading to a greater targeting of money laundering in Australia.

The project provided law enforcement and intelligence agencies with insight into how money laundering syndicates exploit vulnerabilities in the financial system and the different roles performed by members of the syndicates.

Building on the Third-Party Cash Deposit project, Australia's banking sector has been able to better identify, mitigate and manage the money laundering and terrorism financing risks posed by third-party cash deposit activity, and enhance suspicious matter reporting.

Learnings and insights from the project have been shared with domestic and international partners, with the case presented as part of INTERPOL's Project TORII Training Workshop aimed to mobilise collective efforts to tackle financial crime.



INNOVATION PROJECTS

Fintel Alliance presents opportunities for government, law enforcement and financial institutions to explore new and innovative ways to detect and disrupt financial crime. Different innovation projects allow partners to develop new capabilities aimed at leveraging different systems and approaches in a collaborative manner.

Alerting project

The Fintel Alliance Alerting project aims to deliver a capability to detect sophisticated financial crimes, where criminal networks attempt to conceal their activities by distributing them across multiple bank accounts held at Australia's major financial institutions.

The project pivoted in 2022 to take advantage of opportunities identified by Fintel Alliance, targeting professional money laundering syndicates placing illicit funds into the financial system. Through a proof-of-concept approach, the alerting project is leveraging learnings from operational activity to demonstrate solution feasibility without significant resourcing commitment from participating partners. The proof-of-concept approach will enable the completion of the Alerting project by showing how the algorithm developed through the project could be applied to a real-life data set by partners.

Information-sharing project

The Secure Information Sharing project commenced in 2021-22 and provides a platform for real-time effective communication between government, financial institutions and law enforcement partners. The platform includes voice and video functionality, as well as the ability for partners to co-author documents simultaneously. This platform has continued to provide the necessary collaboration space for Fintel Alliance to remain effective in a COVID-19 environment.

The project continues to build upon learnings, with the establishment of secure channels for the purpose of co-authoring. The ability to compartmentalise projects has allowed for the involvement of subject-matter experts from outside Fintel Alliance to share knowledge and insights in a secure environment. This has positively impacted the quality of guides to assist financial services businesses to better detect and respond to financial crime.

A proof-of-concept is in the final stages and will determine the viability of AUSTRAC operating its own instance of the secure sharing platform for collaboration at various security classification levels.

The ongoing enhancements to the secure information-sharing platform have improved Fintel Alliance's capability to collaborate with partners, including domestic and international financial institutions, law enforcement, government, and non-profit organisations, to effectively target, disrupt and prevent financial crime.

INTERNATIONAL ENGAGEMENT

Fintel Alliance plays a leading role in supporting the establishment of PPPs on an international stage, sharing insights around governance frameworks, challenges faced and key learnings to support the formation of new partnerships.

Over the past 12 months, Fintel Alliance's international engagement has included the following.

- Meeting and sharing learnings with international governments, financial institutions and academics to promote the benefits of PPPs in combating financial crime.
- Participation in the Asia/Pacific Group on Money Laundering Technical Seminar to explore key aspects of establishing successful PPPs.
- Representation at the Joint Chiefs of Global Tax Enforcement (J5) Public-Private Partnership Steering Group—a collaboration of representatives from the USA, United Kingdom, Canada, The Netherlands and Australia. The Steering Group was established to share best practice on PPP arrangements and collaborate internationally on specific common threats.
- Continuation of building a community of practice through a PPP round table involving representatives from the New Zealand Financial Crime Prevention Network, the UK Joint Money Laundering Intelligence Task force, the Canadian 'Project' Initiatives to Combat Financial Crimes through Partnerships, and the US FinCEN Exchange. The round table enables collaboration on financial crime trends, and new and emerging risks, while strengthening relationships as a PPP community.
- Supported the Global Coalition to Fight Financial Crime to promote more effective information sharing between public and private entities. Through a sub-group, AUSTRAC has been able to share learnings and insights from Fintel Alliance to support the development of PPPs, to increase discovery and understanding of financial crime.
- Work on joining the Fintel Alliance with an offshore PPP for a transnational pilot is under active consideration.

FINTEL ALLIANCE RECEIVES INTERPOL AWARD FOR PROTECTING WILDLIFE FROM CRIMINAL EXPLOITATION

In December 2021 Fintel Alliance was awarded the Partnerships in Conservation Award by international criminal police organisation INTERPOL, in recognition of the contribution to protecting wildlife from illegal trafficking.

The award underscores the success of the first collaboration between Fintel Alliance and the former Department of Agriculture, Water and the Environment, whose expertise was critical to complete the picture around the threats targeting Australia's wildlife.

The INTERPOL award reinforces the impact that close cooperation with major Australian banks—as well as companies in the financial sector like PayPal Australia and Western Union—can have in disrupting crime.

Illegal wildlife trafficking is a global issue that spans multiple industries, including transport, customs clearance and online vendors. Exotic flora and fauna command high prices on the black market, with their scarcity driving lucrative prices, especially for endangered species. Australia's unique biodiversity makes it an attractive target for organised crime groups due to demand from collectors, with some Australian reptiles being sold for up to \$20,000 on the black market.

Fintel Alliance's analytic capability enabled the investigation of transactions across the financial sector with indicators of illegal trafficking of Australian wildlife. The effectiveness of applying financial network analysis in the context of environmental crimes is a model that Fintel Alliance has shared with international partners.

FINTEL ALLIANCE OPERATIONS

A PPP enables government, law enforcement and industry partners to collectively focus on emerging crimes or complex crimes requiring a joined approach.

Fintel Alliance projects allow greater understanding of a crime type, identification and targeting of suspected offenders, and sharing learnings with a wider audience to assist in hardening the environment. At the closure of a project, an evaluation is done to capture and share learnings before the effort is transitioned into standard operational activity.

OPERATIONAL HIGHLIGHTS

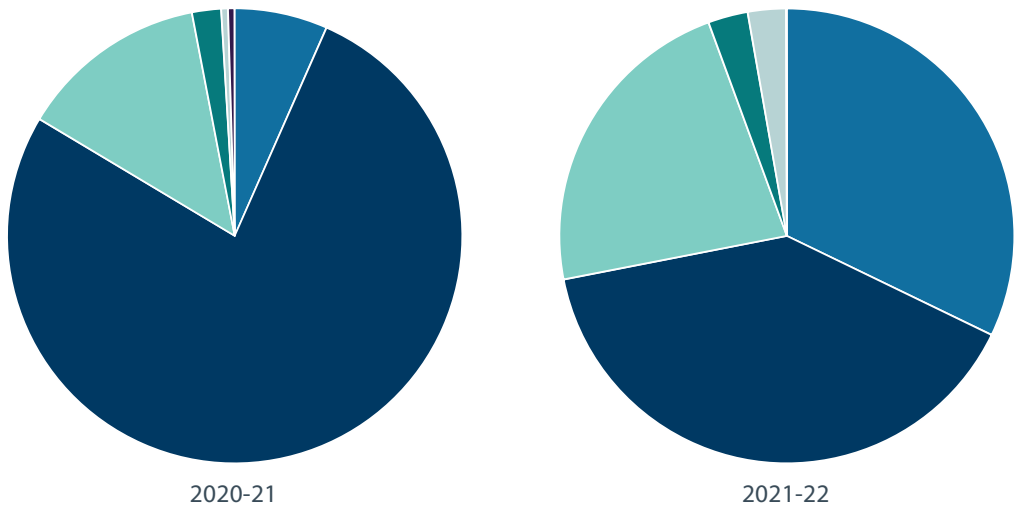
During the 2021-22 reporting period, Fintel Alliance moved away from COVID-19 focused projects and fraud against government support programs, to apply learnings and insights to other emerging or complex financial crimes.

The introduction of projects focused on communication through payment references, and forced sexual servitude, saw an increase in suspicious matter reports related to crimes affecting vulnerable members of the community.

Sharing insights into how professional money laundering organisations move the proceeds of crime through a dedicated cash project, resulted in increased suspicious matter reports and referral of actionable intelligence to law enforcement agencies for investigation.

The movement away from fraud against COVID-19 stimulus measures led Fintel Alliance to identify an emerging financial crime involving fraudulent applications for tax-related refunds.

Figure 6: 2021-22 suspicious matter reporting by Fintel Alliance themes of operation



Theme	2020-21		2021-22	
Crimes affecting our most vulnerable community members	377	6.6%	1,721	32.2%
Exploitation of government revenues	4,389	77%	2,126	39.8%
Networked and complex financial crime	764	13.4%	1,202	22.5%
Supporting national nationally significant task forces and campaigns	118	2.1%	151	2.8%
Responding to regional and community harms	27	0.5%	146	2.7%
Technology and sophistication	27	0.5%	2	0%

In the 2021-22 reporting period there was an increase in suspicious matter reporting across the majority of Fintel Alliance themes of operation. A decrease in reporting received for suspected exploitation of government revenues was detected, due to a decrease in COVID-19 themed suspicious matter reports.

SUPPORTING THE AUSTRALIAN FEDERAL POLICE TO TRACK DOWN A FUGITIVE

Recognising the value of the PPP, in December 2021 the Australian Federal Police's Fugitive Apprehension Strike Team engaged the services of Fintel Alliance to assist in locating a fugitive wanted on significant fraud-related charges.

Financial intelligence provided by Fintel Alliance greatly assisted the Australian Federal Police to locate and arrest the fugitive, who was hiding in a remote rural location in Victoria. The previously wanted fugitive is awaiting trial following the arrest.

Assisting industry to protect the community

In addition to operational outcomes, Fintel Alliance has a focus on increasing the capability of financial institutions to understand, detect and disrupt financial crime, to protect the Australian community.

In the past 12 months, Fintel Alliance partners and financial services businesses have used the PPP to:

- enhance systems and processes to better identify and respond to money laundering risks
- develop algorithms and scenarios to better detect financial crimes including offensive messaging in payments, tax evasion, child exploitation, money laundering and exploitation of government stimulus measures
- tighten controls in response to identified risks associated with cash deposits, leading to the limiting of cash services to high-risk customers
- enable real-time support to significant national operations to identify assets and the proceeds of crime for restraint
- increase the understanding of risks associated with high-risk customer groups, resulting in enhanced customer due diligence
- develop agile analytics and new investigative tools to support complex network and transactional investigations.

Through Fintel Alliance and wider engagement with AUSTRAC, financial services businesses have enhanced suspicious matter reporting. This was achieved through regular feedback from law enforcement and government partners to the reporting entities, on the effectiveness of suspicious matter reporting to initiate and support investigations into criminal offending.

Working in partnership to protect the community

The Fintel Alliance Payment Reference Project commenced in November 2020 following concern that payments were being used by individuals to harass, stalk or threaten victims, and criminals were using payment text fields to communicate. It became evident this communication medium was being used to enable technology-facilitated abuse (including the circumvention of protection orders), threats and extortion, criminal communication and threats of suicide or self-harm.

Technology-facilitated abuse involves the use of technology including payment text fields as a communication method for an offender to coerce, threaten, stalk or harass their victim.

Fintel Alliance focused on financial transactions that were being used for the primary purpose of communication, rather than the transfer of value or purchase of goods or services. Recognising the significant harm to the community, Fintel Alliance partners commenced sharing trends, indicators and transaction monitoring approaches, as part of the project to detect and prevent offending.

The key insights and learnings of Fintel Alliance were captured and shared through a financial crime guide titled Preventing misuse and criminal communication through payment text fields, which was publicly released in November 2021. Novel approaches implemented by industry partners to combat this crime type included:

- inbound payment reporting options for customers,
- outbound payment blocks for payment text fields that contained explicit or threatening language, and
- machine learning models and algorithms to detect offending activity.

The project has resulted in different outcomes to date, including:

- the arrest of five individuals for breaches of protection orders
- law enforcement interventions to assist members of the public with mental health disorders
- an increase in the quality and quantity of suspicious matter reports detailing suspected criminal activity
- welfare checks for victims whose safety was compromised
- controls implemented by financial institutions to block or restrict abusive and offensive messaging being sent through financial transactions.

Importantly, the project has resulted in greater public, government and industry awareness of financial transactions as a communication medium to harass, stalk or threaten, or enable criminals to communicate. The progress of the project to date is attributable to the continued support, innovation and willingness to engage demonstrated by Fintel Alliance partners, who identified this emerging risk, contributed to understanding the risks and were instrumental in improving prevention and detection efforts to protect the community.

Financial crime guides

Fintel Alliance publishes resources to help businesses understand, identify and report suspicious financial activity to detect and prevent criminal activities.

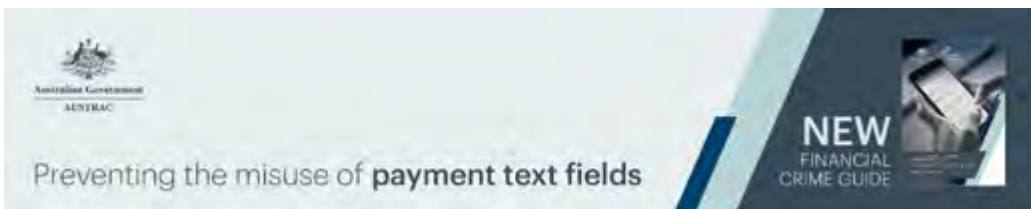
Financial crime guides provide detailed information about the financial aspects of different crime types. They include case studies and indicators to help the financial services sector identify and detect suspicious transactions.

PREVENTING MISUSE AND CRIMINAL COMMUNICATION THROUGH PAYMENT TEXT FIELDS

Through a dedicated project, Fintel Alliance focused on the use of financial transactions to stalk, harass or threaten victims, in an attempt to avoid law enforcement scrutiny. Recognising the misuse of payment fields as an increasing risk to the Australian community, Fintel Alliance developed a financial crime guide focusing on preventing misuse and criminal communication through payment text fields.

The release of the financial crime guide in November 2021 captured learnings and insights from the Fintel Alliance project to help financial services businesses identify the misuse of payment text fields, and understand when to report this issue to AUSTRAC.

To protect customers from abusive messages via payment text fields, some financial service providers implemented measures to identify and block abusive or offensive messages. The use of real-time monitoring, customer self-reporting and in-depth data analysis has helped to reduce the risk of misuse of payment text fields, and protected the community.



PREVENTING THE EXPLOITATION OF EMERGENCY AND DISASTER SUPPORT PAYMENTS

The majority of people claiming disaster assistance are in genuine need of urgent help. Unfortunately, a small number of individuals and groups try to get payments they are not entitled to by committing fraud, often enabled by stealing the identities of vulnerable Australians.

Fintel Alliance, in partnership with Services Australia, developed a financial crime guide to help financial services businesses identify and disrupt individuals and organised crime groups seeking to commit fraud against emergency or disaster relief payments.

The financial crime guide released in December 2021 helps financial services businesses identify the misuse of taxpayer funds and understand when to submit a suspicious matter report to AUSTRAC.



PREVENTING THE CRIMINAL ABUSE OF DIGITAL CURRENCIES

Digital currencies are increasing in value and acceptance, with Australians rapidly adopting this new technology. As the digital currency market continues to grow globally, criminals are increasingly using digital currencies to commit a range of serious crimes.

Criminals are attempting to take advantage of the rapid take-up of digital currencies to commit crimes and hide from law enforcement. The pseudo-anonymous and borderless nature of digital currencies can make them a risk for criminal activity, including money laundering, terrorism financing, ransomware and more.

Recognising the opportunity to share insights, in April 2022 Fintel Alliance released a financial crime guide to assist financial services businesses to distinguish between criminal activity and customers using digital currencies for legitimate purposes.



DETECTING AND STOPPING FORCED SEXUAL SERVITUDE IN AUSTRALIA

Forced sexual servitude is a form of slavery and represents around 30% of slavery cases in Australia. It is a lucrative business for criminals, who make significant profits through this criminal activity. Victims are forced to provide sexual services against their will, are unable to refuse violent or unsafe practices, and must hand over most—if not all—of their money to the perpetrators.

The release of the financial crime guide in February 2022 provides indicators and behaviours to assist financial services businesses to review their profiling and transaction monitoring programs, to target, identify and stop financial transactions associated with forced sexual servitude.

DETECTING AND STOPPING RANSOMWARE

Cyber-enabled crime is an increasing threat to Australians. According to the Australian Cyber Security Centre, 500 ransomware attacks were reported in the 2020-21 financial year—an increase of nearly 15% from the previous year.

Cybercriminals try to infect a computer or network, then demand a ransom payment to unlock or decrypt the victim's computer system. These attacks can disrupt businesses and critical services, and cost significant time and resources to recover from.

To assist the fight against ransomware, in April 2022 AUSTRAC released a financial crime guide providing practical information and key indicators, to help detect and respond where someone could be the target of a ransomware payment, or trying to profit from a ransomware payment.



WORKING GROUPS

Fintel Alliance has established working groups to bring together experts, analysts and practitioners on the complex topics of trade-based money laundering, child exploitation and tax crime.

Tax Crime and Evasion working group

The Fintel Alliance Tax Crime and Evasion Working Group has operated since July 2020, and is jointly led by ANZ, AUSTRAC, NAB and the ATO.

In April 2022, United Kingdom agency Her Majesty's Revenue and Customs hosted the Global Financial Institutions Summit. Representatives from the ATO, AUSTRAC and Westpac met with senior representatives from some of the largest international banks, banking associations and J5 partners in London, forming a commitment to work collaboratively to build resilience of the global financial system against tax crime and evasion through PPPs.

Over the past 12 months, the key areas of focus for the working group have been: offshore tax evasion; GST refund fraud; and virtual assets.

OFFSHORE TAX EVASION

The working group explored methodologies used to facilitate offshore tax evasion and red flag indicators to detect the behaviour.

In October 2021 the International Consortium of Investigative Journalists published the Pandora Papers, consisting of 11.9 million leaked documents. These were linked to 14 offshore service providers (OSPs), containing information on structures and arrangements used to hide and launder funds, and evade tax. The working group collaborated to identify Australian residents that had transacted with the OSPs and any associated offshore tax evasion risks.

GST REFUND FRAUD

Intelligence received from Fintel Alliance partners and financial institutions assisted the ATO to identify a significant fraud involving participants inventing fake businesses to claim false refunds. The working group shared typologies, behaviours and key indicators of those committing the fraud.

Approximately \$850 million in potentially fraudulent payments were made to around 40,000 individuals. Financial institutions proactively froze suspected fraudulent amounts and worked collaboratively with the ATO to reclaim funds.

The ATO announced the launch of Operation Protego on 6 May 2022 to investigate those suspected to be involved in this fraud, and take action to disrupt and stop further proliferation of the issue. Since then, the ATO has strengthened its controls to prevent this

fraud and treatments of those participating in the fraud.

In June 2022, 12 search warrants were executed by the AFP as part of the Serious Financial Crime Task force's Operation Protego, with support from Victoria Police, New South Wales Police, Queensland Police Service, South Australia Police, Tasmania Police and Western Australia Police. Victoria Police arrested six individuals.

These actions resulted in the ATO stopping more than \$1 billion dollars in attempted fraud. Action against those who participated in this fraud is ongoing.

TAX EVASION USING VIRTUAL ASSETS

The working group commenced its focus on the abuse of virtual assets to evade tax obligations, with a joint presentation by the United States Internal Revenue Service and ATO. The working group has benefitted from sharing indicators derived from recent intelligence and operational activity conducted by the J5 Cyber and Cryptocurrency Groups.

Trade-Based Money Laundering working group

The Fintel Alliance Trade-Based Money Laundering working group has enabled government, law enforcement and financial institutions to share knowledge through training sessions, ongoing engagement and direct support to Australian Border Force operations. The efforts of the working group have resulted in an uplift in capabilities of partners to understand, detect and respond to trade-based money laundering.

Areas of focus for the 2021-22 year included open account trade and related considerations by financial services providers, the diamond trade globally, and operational matters brought to the working group by the Australian Border Force.

The collaboration between government, law enforcement and financial institutions has led to an increased understanding of the trade-based money laundering landscape in Australia and abroad. This in turn has enabled an improved understanding of the environment of trade-based money laundering in Australia, as well as strategies for how to identify and prevent it occurring.

Combating Child Exploitation working group

In 2019 Fintel Alliance publicly released an activity indicators report titled *Combating the sexual exploitation of children for financial gain*, capturing learnings of the PPP to combat child sexual exploitation. Since the release of the report, law enforcement agencies and financial institutions have continued to identify insights into the financial aspects of child sexual exploitation.

Recognising the opportunity to capture and build upon insights into this heinous crime, a Combating Child Exploitation working group was established in late 2021, chaired by Westpac and AUSTRAC. The Working Group brings together the collective efforts of Fintel Alliance partners, with the Australian Institute of Criminology and the International Centre for Missing and Exploited Children.

The Fintel Alliance Combating Child Exploitation working group has been working towards capturing insights and best practices, while increasing awareness of the role financial information plays in combating child exploitation. The working group continues to encourage collaboration between domestic and international partners working to protect vulnerable members of the community.

Virtual Assets working group

The introduction of new and emerging financial services presents an opportunity for government agencies and the private sector to work in partnership to identify and mitigate risk. Recognising this opportunity, a Fintel Alliance Virtual Assets working group was established to enable the PPP to work with leading digital currency exchanges.

The working group brings together experts from digital currency exchange providers, law enforcement and government agencies in the fight against money laundering, terrorism financing and other serious crime. In the first 12 months of operation, the Virtual Assets working group has delivered:

- capability and tradecraft uplift for partners focused on understanding and responding to financial crime through virtual assets
- increases in the quantity and quality of reporting relating to suspicious activity involving virtual assets
- the identification of new and emerging financial crime risks impacting digital currency exchange providers and the wider Australian community.

The working group involves two-way information sharing between industry and government, including new and emerging trends, methodologies and risks relating to financial crime. Learnings from this working group were recently shared publicly through publishing financial crime guides aimed at preventing the criminal abuse of digital currencies, and detecting and stopping ransomware.

Following an initial 12-month proof-of-concept, the Virtual Assets working group is increasing in participation as other partners of Fintel Alliance join to share insights and learnings.

Public-private partnerships round table

Over the last five years, PPPs have demonstrated the value of engaging law enforcement, government and key financial institutions in the fight against financial crime. PPPs in Five Eyes countries have led the way in identifying opportunities to disrupt and deter crimes impacting the domestic and international community.

Fintel Alliance seized this opportunity and established a quarterly round table between Australia, Canada, New Zealand, the United Kingdom and USA FIUs. The initial focus has been to share learnings on combating child exploitation, fighting tax crime and evasion, disrupting professional money laundering and understanding financial crime risks associated with virtual assets.

The quarterly round table has resulted in sharing insights gained into current financial crime trends, increased understanding of new and emerging financial crime risks, and the strengthening of relationships regionally.

PARTNERS

- Australia and New Zealand Banking Group Limited (ANZ)
- Australian Border Force
- Australian Competition and Consumer Commission (ACCC)
- Australian Criminal Intelligence Commission (ACIC)
- Australian Federal Police (AFP)
- Australian Financial Crimes Exchange Ltd (AFCX)
- Australian Government Treasury
- Australian Securities and Investments Commission (ASIC)
- Australian Taxation Office (ATO)
- Bendigo and Adelaide Bank Ltd
- Commonwealth Bank of Australia (CBA)
- Deakin University
- Department of Home Affairs
- HSBC Bank Australia Limited
- Macquarie Bank Limited
- MoneyGram Payment Systems Inc.
- National Australia Bank Limited (NAB)
- National Crime Agency (UK)
- New South Wales Crime Commission
- New South Wales Police Force
- New Zealand Police - Financial Intelligence Unit
- PayPal Australia Pty Limited
- Queensland Police Service
- Tabcorp Ltd
- Services Australia
- Western Australia Police Force
- Western Union Financial Services (Australia) Pty Ltd
- Westpac Banking Corporation



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MANAGEMENT AND
ACCOUNTABILITY

CORPORATE GOVERNANCE

AUSTRAC's governance framework

Good governance is the key to ensuring the agency operates and performs effectively through strong leadership, appropriate investment of resources, and accountability. AUSTRAC's governance framework sets out the structures and processes that ensure well-informed, robust and transparent decision-making occurs, to deliver on the agency's purpose.

We review our governance framework annually to ensure it remains fit-for-purpose and supports agency decision making. An internal review of the framework and the operation of key agency committees was undertaken in 2021 to test ongoing effectiveness and suitability, for clear information flows among decision makers and stakeholders across the agency. We subsequently updated the agency's governance framework and terms of reference of key committees to address the findings of the review.

Further information about our organisational structure, capabilities and senior executives and their responsibilities—including the agency principles and objectives of corporate governance—is provided in the 'Our capabilities' section of this report.

GOVERNANCE COMMITTEE

The Governance Committee is AUSTRAC's principal committee and comprises the CEO and Deputy CEOs, and is responsible for the strategic operations of the agency. The Governance Committee supports agency governance by making decisions and providing advice and oversight in relation to agency-wide issues. It also serves as an escalation point for sub-committees and working groups including the:

- Capability Sub-Committee and the REST Program Board—support effective program governance in their role in overseeing AUSTRAC's capability enhancement and transformation programs
- Finance and Resourcing Sub-Committee—provides advice and assurance on resource allocation for operational and capital activities, to promote long-term financial sustainability consistent with AUSTRAC's priorities, risks and legislative obligations
- Health and Safety Committee—acts as a formal mechanism to facilitate cooperation between AUSTRAC management and employees regarding work health and safety.

AUDIT AND RISK COMMITTEE

The AUSTRAC Audit and Risk Committee provides independent advice to the CEO and executives on agency 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 is published on the AUSTRAC website.⁴¹

In 2021-22 the committee comprised four external members, including the Committee Chair.

Table 19: : Audit and Risk Committee members for 2021-22

Member name	Qualifications/knowledge/skills/experience	Number of meetings attended/total number of meetings	Total annual remuneration	Additional information
Mr Geoff Knuckey	<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. 	5/5	\$11,550.00 (inclusive of GST)	Committee Chair

⁴¹ austrac.gov.au/about-us/corporate-information-and-governance/reports-and-accountability/austrac-audit-and-risk-committee-charter.

Member name	Qualifications/knowledge/skills/experience	Number of meetings attended/ total number of meetings	Total annual remuneration	Additional information
Mr Geoff Knuckey (cont.)	<ul style="list-style-type: none"> 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. 			
Ms Elizabeth Montano	<ul style="list-style-type: none"> Over 20 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. 	5/5	\$21,767.57 (inclusive of GST)	nil.

Member name	Qualifications/knowledge/skills/experience	Number of meetings attended/total number of meetings	Total annual remuneration	Additional information
Ms Elizabeth Montano (cont.)	<ul style="list-style-type: none"> • 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. • First woman to lead a Commonwealth law enforcement/regulatory agency. 			
Ms Janine McMinn	<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. 	5/5	\$8,187.38 (inclusive of GST)	nil.

Member name	Qualifications/knowledge/skills/experience	Number of meetings attended/ total number of meetings	Total annual remuneration	Additional information
Ms Janine McMinn (cont.)	<ul style="list-style-type: none"> • Experience conducting assurance reviews in both public and private organisations. • Bachelor of Arts in Computing and Statistics (ANU), 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 Masters students at the ANU. 			

Member name	Qualifications/knowledge/skills/experience	Number of meetings attended/total number of meetings	Total annual remuneration	Additional information
Mr Lee Walton	<ul style="list-style-type: none"> Over 35 years' experience as a Chartered Engineer including 15 years as a senior executive in the Australian Public Service in national security and law enforcement, primarily in Chief Information Officer and Chief Operating Officer positions. Extensive governance experience in the government and not-for-profit sectors including financial and performance reporting, ICT and cyber security, program and project delivery, and risk management. Independent member of several government audit and risk committees. Experience as the board chair of a not-for-profit organisation. Graduate of the Australian Institute of Company Directors and Member of the Institute of Engineering and Technology. 	5/5	\$15,985.31 (Exclusive of GST)	nil.

Planning and performance reporting

The AUSTRAC corporate plan is the agency's primary planning document and articulates our purpose, performance measures and risk management approaches in performing our function and enhancing our regulatory, intelligence and enabling (including people, finance, data and analytics) capabilities. We are continuing to mature our planning and performance measurement framework.

The maturation of this framework, and its increasing alignment with budget setting, risk management, capital investment planning and capability delivery, provides decision makers with a broader, more integrated picture of agency performance.

Internally, the corporate plan is supplemented by branch business plans that outline the work and projects being delivered by branches, and risks being managed in support of branch performance. Branch plans provide AUSTRAC staff with a clear line of sight between their work and the broader agency strategic direction, operating environment, risks and performance measures outlined in the corporate plan. Each of AUSTRAC's nine branches had an endorsed plan in place throughout 2021-22, with these plans considered living documents to evolve and be updated, as internal and/or external factors shape the branch over the course of the year.

AUSTRAC's internal reporting processes require branches to report against branch plans and corporate plan performance measures three times a year. This process ensures the Governance Committee and AUSTRAC's accountable authority can monitor agency performance throughout the year and make resource and operational decisions accordingly.

Risk management

AUSTRAC's Enterprise Risk Management Framework is administered in line with the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the Commonwealth Risk Management Policy. The Governance Committee and the Audit and Risk Committee support the CEO's oversight of risk management and the application of the framework across the agency.

During 2021-22 AUSTRAC further enhanced the framework to ensure it remained appropriate for our operating environment and embeds a positive risk management culture within the agency. Our approach to risk management includes identifying areas of strategic risk which, if realised, could affect our ability to achieve our purpose and objectives.

Internal audit

AUSTRAC's Internal Audit function provides assurance to the CEO regarding the efficiency and effectiveness of the agency's financial and operational controls. The Audit and Risk Committee provides independent objective assessments of the audits undertaken and actions taken by AUSTRAC in response to audit recommendations. The annual Internal Audit Work Plan is developed in alignment with key risk areas for the agency. It ensures internal controls remain appropriate and responsive to operating environment changes and business risks.

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 the 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 working with the Australian Commission for Law Enforcement Integrity (ACLEI) to assess our integrity maturity, we have continued to adopt improvement measures that strengthen the agency's fraud and corruption detection and resilience. Regular meetings and involvement through the Community of Practice have helped grow the relationship and keep AUSTRAC up-to-date with current ACLEI priorities.

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 our fraud and corruption control plan and the agency's assessment of fraud risks.

In May 2021, AUSTRAC completed a fraud and corruption risk assessment activity. Key fraud and corruption risks were assessed, and recommendations to strengthen controls were made. The recommendations have been substantially completed, or are on track for completion. The agency's Fraud and Corruption Control Plan was updated in December 2021 in line with the risk assessment. The Fraud and Corruption Control Plan 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.

Significant non-compliance issues with finance law

During 2021-22 AUSTRAC did not identify any significant issues relating to non-compliance with the finance law. In determining the significance of any issues, AUSTRAC took into account the guidance as outlined in Resource Management Guide 124—Notification of significant 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 PGPA Act.

Commonwealth Child Safe Framework

AUSTRAC is committed to upholding a culture that promotes and ensures the safety and wellbeing of children and young people. In supporting child safety, AUSTRAC complies with the Commonwealth Child Safe Framework⁴² and upholds children's rights.

We analyse and generate actionable financial intelligence for our partners, based on industry reporting. Our intelligence is invaluable to achieving law enforcement outcomes, including counter-child exploitation and counter-child abuse efforts.

AUSTRAC has a suite of sophisticated financial profiles and enhanced data capabilities to detect entities of interest, patterns of behaviour and transactions that may be indicative of these serious crimes. In May 2021, it was announced that AUSTRAC would receive additional funding under the National Strategy to Prevent Child Sexual Abuse. This funding has further bolstered AUSTRAC's capability to help identify and disrupt payments linked to child exploitation, prevent and disrupt livestreamed child sexual abuse, intercept material and offenders at the border, and enhance our ability to identify possible offending within the community.

In undertaking the agency's work, AUSTRAC officers do not have any direct interaction with children, therefore the overall risk is assessed as Low.

AUSTRAC continues to conduct suitability assessments and at a minimum, Baseline security clearances, for all prospective staff. This includes criminal history checks through the National Police Checking Service. The aim of these checks is to preventatively mitigate against personnel assessed as unsuitable due to security risks being engaged by the agency. A security risk includes any identified actual or potential risk to children.

42 childsafety.pmc.gov.au/what-we-do/commonwealth-child-safe-framework

EXTERNAL SCRUTINY

Ministerial and parliamentary oversight

Throughout 2021-22 the AUSTRAC CEO reported on AUSTRAC's operations to the Minister for Home Affairs, noting New Administrative Arrangements Orders, moving AUSTRAC to the Attorney-General's portfolio, came into effect on 1 July 2022. AUSTRAC's transparency and accountability to Parliament includes responding to questions on notice and publishing information required by Senate Orders. AUSTRAC appears before Parliamentary committees (including Senate Estimates) and provides submissions to Parliamentary inquiries as appropriate.

During 2021-22 AUSTRAC appeared at public hearings of the:

- Senate Select Committee on Australia as a Technology and Financial Centre
- Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity's inquiry into the expansion of ACLEI's jurisdiction and the corruption vulnerabilities of law enforcement agencies' contracted services
- Legal and Constitutional Affairs References Committee's inquiry into the adequacy and efficacy of Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime.

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

In 2021-22 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 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 plan⁴³ is available online.

In 2021–22 AUSTRAC received 413 FOI requests for 6,743 pages.

Table 20: Freedom of information requests

Financial year	Requests received	Number of pages considered during the period
2021-22	413	6,743
2020-21	374	4,436
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.

⁴³ austrac.gov.au/about-us/corporate-information-and-governance/foi-and-information-publishing-scheme/information-publication-scheme-plan

PROCUREMENT, ASSETS AND GRANTS

Purchasing

The PGPA Act 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.

Consultants and contracts

EXPENDITURE ON REPORTABLE CONSULTANCY CONTRACTS

During 2021-22, two new reportable consultancy contracts were entered into involving total actual expenditure of \$0.324 million. In addition, two ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$0.361 million.

Table 22: Reportable consultancy contracts 2021-22

Reportable consultancy contracts 2021-22	Number	Expenditure (GST inclusive)
New contracts entered into during the reporting period	2	\$323,750
Ongoing contracts entered into during a previous reporting period	2	\$361,186
Total	4	\$684,936

Table 23: Top 5 organisations receiving share of reportable consultancy contract expenditure 2021-22⁴⁴

Organisations receiving a share of reportable consultancy contract expenditure 2021-22	Expenditure (GST inclusive)
Ernst & Young (ABN 75 288 172 749)	\$123,750
Mark Lawrence Group (ABN 18 891 326 806)	\$200,000
Synergy Group Australia (ABN 65 119 369 827)	\$211,186
Accenture (ABN 49 096 776 895)	\$150,000

⁴⁴ Only 4 consultancy contracts incurred expenditure in 2021-22.

Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.

Decisions to engage consultants in 2021–22 were made in accordance with the PGPA Act, Commonwealth Procurement Rules and relevant internal policies.

AUSTRAC selects consultants through the use of panel arrangements or by making an open or limited approach to market.

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.

During 2021–22 AUSTRAC did not exempt any contracts valued at more than \$10,000 (GST inclusive) from publication on AusTender.

Table 23: Reportable non-consultancy contracts 2021-22

Reportable non-consultancy contracts 2021-22	Number	Expenditure (GST inclusive)
New contracts entered into during the reporting period	127	\$20,912,158
Ongoing contracts entered into during a previous reporting period	198	\$1,564,363
Total	325	\$22,467,521

The table below represents the top 5 organisations receiving a share of reportable non-consultancy contract expenditure 2021-22.

Table 24: Organisations receiving a share of reportable non-consultancy contract expenditure 2021-22

Organisations receiving a share of reportable non-consultancy contract expenditure 2021-22	Expenditure (GST inclusive)
Built Pty Ltd (ABN 24 083 928 045)	\$8,720,578
Arney Group Pty Ltd (ABN 28 600 120 705)	\$1,055,010
MCR Computer Resources Pty Ltd (ABN 74 003 647 943)	\$833,112
Data #3 Ltd (ABN 31 010 545 267)	\$613,105
Oracle Corporation Australia Pty Limited (ABN 80 003 074 468)	\$608,378
Total	\$11,830,182

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the reportable non-consultancy contracts' value is available on the AusTender website.

Australian National Audit Office access clauses

In 2021-22 AUSTRAC entered into four contracts 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. These contracts are detailed below.

Table 25: Contracts exceeding \$100,000 that did not include clauses for ANAO access

Entity name	Contract value (GST inclusive)	Contract purpose	Reason for standard access clause not included
Evolution SN Pty Ltd	\$2,720,796.29	Lease contract	The Lease Terms were used for this contract. These terms did not provide for Auditor-General access to the contractor's premises.
Chainalysis Inc	\$141,460.48	Software	The Supplier Terms were used for this contract. These terms did not provide for Auditor-General access to the contractor's premises.
Commercial Portfolio Management Pty Ltd	\$339,034.77	Short-term lease	The Lease Terms were used for this contract. These terms did not provide for Auditor-General access to the contractor's premises.
RP Data Pty Ltd t/a Corelogic Asia Pacific	\$198,000.00	Software	The Supplier Terms were used for this contract. These terms did not provide for Auditor-General access to the contractor's premises.

Procurement initiatives to support small business

AUSTRAC 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.⁴⁵

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.⁴⁶

45 finance.gov.au/government/procurement/statistics-australian-government-procurement-contracts-

46 treasury.gov.au

Advertising and market research

During 2021-22 AUSTRAC did not conduct any advertising campaigns. The following payments were made to media advertising agencies in 2021-22:

- \$51,866.00 (exclusive of GST) to Department of Home Affairs for media monitoring services
- \$92,837.83 (exclusive of GST) for recruitment advertising.

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

Legal services expenditure

The total expenditure on legal services for the financial year ended 30 June 2022 was \$5,923,209 (exclusive of GST).

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

- \$4,257,227 (exclusive of GST) was spent on purchasing external legal services.
- \$1,665,982 (exclusive of GST) was spent on purchasing internal legal services.

Asset management

Asset management is not a significant part of AUSTRAC's activities. AUSTRAC has developed a 10-year capital management plan that supports the ongoing management of AUSTRAC's asset base.

Grants

Information on grants awarded by AUSTRAC during 2021-22 is available online.⁴⁷

47 grants.gov.au/Search/KeywordSearch?keyword=AUSTRAC

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.

Correction of material errors in previous annual report

No errors were identified in the 2020–21 AUSTRAC annual report.



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MANAGEMENT OF
HUMAN RESOURCES

OUR PEOPLE

In 2021-22 AUSTRAC continued to strategically build a workforce capable of achieving our plans and needs for the future. We adopted a new hybrid work model to provide a resilient and flexible framework with both office-based and home-based work. We continue to mature this model and provide greater guidance and strategies to ensure we make hybrid working sustainable, with positive outcomes for our people and the agency.

We developed a people strategy that encapsulates our goals and aspirations across a set of people initiative areas. This provides a clear direction for future planning and decision making across the agency. We also implemented the new AUSTRAC leadership strategy, which provides a clear and consistent approach to leadership development in the agency, and identifies the pivotal qualities and behaviours required for effective leadership.

In addition, the new AUSTRAC strategic workforce plan presents a four-year vision for the agency workforce. The plan identifies key themes that are essential to future-proof our workforce, enhance our capabilities and strengthen our position as a forward-leaning, high-performing agency. We continued building capability and delivering outcomes from our operational workforce planning activities. These provide our leaders with workforce data insights and support evidenced-based decision making.

We continued to provide clear health and safety guidance and monitoring in response to the COVID-19 pandemic. We implemented additional workplace protocols, ensuring our employees were supported and felt confident in returning to our offices. Recognising the diversity of modern families, an adjustment was made to AUSTRAC's leave policy, allowing the use of up to 16 weeks of 'other leave' for primary parental care. This provides leave to employees who were not covered under existing allowances.

OUR CULTURE

<h1>ONE AUSTRAC</h1> <p>TRUSTED • COURAGEOUS • FOCUSED</p>				
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>

The agency's culture is underpinned by our philosophy 'One AUSTRAC', which reinforces the belief that our employees are stronger together than as individuals. Our core values reflect our strengths, and our diverse range of backgrounds and broad mix of skills and experiences shape our unique and empowering workplace culture. This is reflected in our Australian Public Service (APS) Census results, which present high-index results in wellbeing, innovation and engagement, with satisfaction and culture measures particularly impressive.

In 2021-22 we were recognised as one of the top 10 'Best Places to Work in the Government, Education & Not-for-Profit sector' by the *Australian Financial Review's* BOSS magazine. This award is acknowledgement of our strong culture, future-focused workforce practices and successful implementation of our hybrid working model.

We have initiatives that help cultivate our culture and provide growth opportunities for our employees. Our mentor program continues to grow, providing a unique opportunity for mentors and mentees to develop their professional capabilities and gain insight across the agency. Our Diversity and Inclusion Program fosters a culture of inclusion and supports us in building a healthy organisation. Our staff-led AUSTRAC Pride Network and AUSTRAC Women's Network empower individuals to initiate change and work together to achieve our diversity and inclusion goals.

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 a Diversity Champion at the Senior Executive Service (SES) level. The group is supported by the agency's Human Resources team and oversees AUSTRAC's Women's and Pride networks.

In 2021-22, COVID-19 continued to impact the planned delivery of some diversity and inclusion activities; however, the promotion and commitment to an inclusive and barrier-free workplace remained at the cornerstone of our activities.

Activities undertaken during 2021-22 included the following:

- 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 National Intelligence Community and other Commonwealth regulatory agencies) to provide AUSTRAC employees with expanded resources, support and networking opportunities.
- Calling for nominations for participation in round four of the 2022 Jawun secondment program.
- Driving a supportive and enabling workplace culture by promoting AUSTRAC as a flexible employer in all stages of the employee life cycle, advertising all ongoing vacancies under the banner of the Australian Public Service Commission's 'RecruitAbility' scheme and encouraging opportunities for networking, sharing experiences and discussing issues.
- Having two interns work at AUSTRAC as part of the Australian Network on Disability's 'Stepping Into' program. This program was very successful and resulted in a non-ongoing employment offer being made at the completion of the program.

- Educating and celebrating diversity by encouraging participation in events to celebrate and raise awareness of diversity issues. These included NAIDOC Week (November 2021), White Ribbon Day (November 2021), International Day of People with Disability (December 2021), International Women's Day (March 2022), Harmony Week (March 2022), Autism Awareness Month (April 2022), Global Accessibility Awareness Day (May 2022), International Day Against Homophobia, Biphobia and Transphobia (May 2022), National Reconciliation Week (May-June 2022) and Pride Month (June 2021).

Further to the AUSTRAC Diversity and Inclusion Program, during 2021-22 we collaborated with the Reserve Bank of Australia and other regulatory agencies to deliver a presentation on 'Closing the Gap', with Adam Goodes as guest speaker. There were more than 700 attendees across the participating agencies and the event was well received.

AUSTRAC ENTERPRISE AGREEMENT

The employment terms and conditions for non-SES AUSTRAC employees are in the AUSTRAC Enterprise Agreement 2016-19. This is supplemented by a determination under subsection 24(1) of the *Public Service Act 1999*, which provides an annual adjustment to salary and remuneration-based allowances.

In accordance with an APS-wide ministerial determination, announced in April 2020, the general wage and salary-related allowance increases that were due on 29 March 2021 were deferred by six months.

A current agency determination provides for general pay increases in March 2022, March 2023 and March 2024.

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 2022, there were 11 SES employee determinations in operation.

SES base salary increases are generally in line with those that apply to non-SES employees. Accordingly, SES employees received a 1.9% pay increase on 29 September 2021.

No incentive payments were made to AUSTRAC SES employees during 2021-22.

Employment conditions

The terms and conditions of employment for AUSTRAC's non-SES employees are governed by the AUSTRAC Enterprise Agreement 2016-2019, 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, and sets out the approval process and governance of IFAs. AUSTRAC's Governance Committee reviews IFAs annually to ensure they continue to support AUSTRAC's operational requirements.

At 30 June 2022 there were 27 IFAs in effect. The majority of these related to remuneration arrangements.

No AUSTRAC employees were covered by common law contracts in 2021-22. Performance pay was also not applicable.

LEARNING AND DEVELOPMENT

AUSTRAC supports our employees' professional development and enhances our standing as an employer of choice, through comprehensive learning and development opportunities. To drive the strategic alignment of staff capability and organisational goals, AUSTRAC's Learning and Development Framework 2021-23 identifies essential capability requirements.

COMMON LEARNING REQUIREMENTS TO ENABLE OUR PEOPLE TO RESPOND TO FUTURE CHALLENGES

To enable AUSTRAC to respond to the challenges of the future while continuing to achieve its purpose, the AUSTRAC Leadership and Development Framework prioritises six 'common' areas of focus to guide the development of tailored, fit-for-purpose learning offerings across the agency.

Table 26: Priorities for common learning

What are our priorities for common learning?	
Focus	Why
Project and change management	Supporting our people through change and our managers to lead through change
Communication and writing skills	Building capability to communicate recommendations supported by a clear rationale
Stakeholder engagement and relationship management	Strengthening our relationships with partner agencies and regulated entities
Critical thinking and problem solving skills	Increasing critical thinking capability to make decisions and best respond to complex and often ambiguous information
Data literacy	Better understanding of complex data and communicating outcomes in a clear and convincing manner
Leadership and management development	Building managers skills to lead teams, while supporting their teams to learn and apply new skills

The lifting of many COVID-19 control measures allowed for the return of face-to-face learning. Much training also continues to be delivered electronically through e-learning or blended learning solutions, including webinars. In addition, the availability of different learning mediums has helped ensure accessibility and flexibility for all learning types regardless of location or personal circumstances, such as working from home arrangements.

AUSTRAC supports staff professional development and capability uplift through a substantial studies assistance and external training opportunities program to complement traditional training. These programs allow staff to work towards and attain Australian Qualifications Framework (AQF) recognised qualifications, or gain professional recognition or accreditation through external training providers in vital professional areas. Areas include anti-money laundering and counter-terrorism financing certifications and other skill sets in demand at AUSTRAC, such as intelligence analyst training. AUSTRAC staff attended 165 professional development offerings provided by 26 external organisations throughout 2021-22, with 22 commencements in AQF recognised qualifications.

Leadership and management capability enhancement is a crucial focus within AUSTRAC. The Leadership Strategy 2022-25 sets out the leadership qualities, capabilities and behaviours necessary for the agency to meet our critical leadership workforce needs, and articulates our expectations for our leaders. The strategy also promotes development opportunities, tools and resources to support leaders in the agency.

We provide staff with opportunities for on-the-job training through our annual in-house AUSTRAC Mentor Program. The latest intake saw a three-fold increase in applications, with the commencement of 23 partnerships, reflecting increased interest in this avenue of professional development.

Overall, staff at AUSTRAC have access to an array of professional development opportunities to enhance staff effectiveness and retention.

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 work health and safety (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 WHS incidents reported to Comcare in 2021-22.

In 2021-22 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 2021-22 was 0.14%, well below the overall scheme rate of 0.83%.

Disability reporting mechanism

Australia's Disability Strategy 2021-2031 (the Strategy) is the overarching framework for inclusive policies, programs and infrastructure that will support people with disability to participate in all areas of Australian life. The Strategy sets out where practical changes will be made to improve the lives of people with disability in Australia. It acts to ensure the principles underpinning the United Nations Convention on the Rights of Persons with Disabilities are incorporated into Australia's policies and programs that affect people with disability, their families and carers. All levels of government have committed to deliver more comprehensive and visible reporting under the Strategy. A range of reports on progress of the Strategy's actions and outcome areas will be published and available online.⁴⁸

Disability reporting is included the Australian Public Service Commission's State of the Service reports and the APS Statistical Bulletin. These reports are available online.⁴⁹

48 disabilitygateway.gov.au/ads

49 apsc.gov.au

Employee statistics

Table 27: All Ongoing Employees Current Report Period (2021-22)

	Male			Female			Indeterminate			Total
	Full-time	Part time	Total Male	Full-time	Part time	Total Female	Full-time	Part time	Total Indeterminate	
NSW	68	0	68	97	16	113	0	0	0	181
QLD	13	0	13	19	4	23	0	0	0	36
SA	0	0	0	2	0	2	0	0	0	2
TAS	0	0	0	0	0	0	0	0	0	0
VIC	70	5	75	61	18	79	0	0	0	154
WA	1	0	1	3	0	3	0	0	0	4
ACT	40	1	41	44	5	49	0	0	0	90
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
O/S	5	0	5	1	0	1	0	0	0	6
Total	197	6	203	227	43	270	0	0	0	473

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.

Table 28: All Non-Ongoing Employees Current Report Period (2021-22)

	Male			Female			Indeterminate			Total
	Full-time	Part time	Total Male	Full-time	Part time	Total Female	Full-time	Part time	Total Indeterminate	
NSW	5	0	5	2	2	4	0	0	0	9
QLD	2	0	2	0	0	0	0	0	0	2
SA	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0
VIC	2	0	2	0	0	1	0	0	0	3
WA	0	0	0	0	0	0	0	0	0	0
ACT	2	0	2	0	1	0	0	0	0	2
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
O/S	0	0	0	0	0	0	0	0	0	0
Total	11	0	11	2	3	5	0	0	0	16

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

Table 29: All Ongoing Employees Previous Report Period (2020-21)

	Male			Female			Indeterminate			Total
	Full-time	Part time	Total Male	Full-time	Part time	Total Female	Full-time	Part time	Total Indeterminate	
NSW	61	0	61	76	20	96	0	0	0	157
QLD	11	0	11	18	2	20	0	0	0	31
SA	0	0	0	2	0	2	0	0	0	2
TAS	0	0	0	0	0	0	0	0	0	0
VIC	56	4	60	55	14	69	0	0	0	129
WA	1	0	1	3	1	4	0	0	0	5
ACT	39	1	40	42	6	48	0	0	0	88
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
O/S	5	0	5	1	0	1	0	0	0	6
Total	173	5	178	197	43	240	0	0	0	418

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.

Table 30: All Non-Ongoing Employees Previous Report Period (2020-21)

	Male			Female			Indeterminate			Total
	Full-time	Part time	Total Male	Full-time	Part time	Total Female	Full-time	Part time	Total Indeterminate	
NSW	5	0	5	2	1	3	0	0	0	8
QLD	0	0	0	1	0	1	0	0	0	1
SA	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0
VIC	0	1	1	1	0	1	0	0	0	2
WA	0	0	0	0	0	0	0	0	0	0
ACT	2	0	2	1	1	2	0	0	0	4
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
O/S	0	0	0	0	0	0	0	0	0	0
Total	7	1	8	5	2	7	0	0	0	15

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.

Table 31: Australian Public Service Act Ongoing Employees Current Report Period (2021-22)

	Male			Female			Indeterminate			Total
	Full-time	Part time	Total Male	Full-time	Part time	Total Female	Full-time	Part time	Total Indeterminate	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	3	0	3	0	0	0	0	0	0	3
SES 1	5	0	5	3	0	3	0	0	0	8
EL 2	27	2	29	16	4	20	0	0	0	49
EL 1	47	3	50	54	16	70	0	0	0	120
APS 6	80	1	81	101	22	123	0	0	0	204
APS 5	30	0	30	40	1	41	0	0	0	71
APS 4	5	0	5	13	0	13	0	0	0	18
APS 3	0	0	0	0	0	0	0	0	0	0
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
TOTAL	197	6	203	227	43	270	0	0	0	473

Note: Figures are based on substantive classification as at 30 June 2022.

Table 32: Australian Public Service Act Non-Ongoing Employees Current Report Period (2021-22)

	Male			Female			Indeterminate			Total
	Full-time	Part time	Total Male	Full-time	Part time	Total Female	Full-time	Part time	Total Indeterminate	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0
EL 2	1	0	1	0	0	0	0	0	0	1
EL 1	1	0	1	1	0	1	0	0	0	2
APS 6	5	0	5	0	1	1	0	0	0	6
APS 5	2	0	2	1	1	2	0	0	0	4
APS 4	1	0	1	0	1	1	0	0	0	2
APS 3	1	0	1	0	0	0	0	0	0	1
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
TOTAL	11	0	11	2	3	5	0	0	0	16

Note: Figures are based on substantive classification as at 30 June 2022.

Table 33: Australian Public Service Act Ongoing Employees Previous Report Period (2020-21)

	Male			Female			Indeterminate			Total
	Full-time	Part time	Total Male	Full-time	Part time	Total Female	Full-time	Part time	Total Indeterminate	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	3	0	3	0	0	0	0	0	0	3
SES 1	5	0	5	3	0	3	0	0	0	8
EL 2	29	1	30	22	6	28	0	0	0	58
EL 1	46	2	48	55	14	69	0	0	0	117
APS 6	65	1	66	79	21	100	0	0	0	166
APS 5	18	1	19	31	2	33	0	0	0	57
APS 4	5	0	5	7	0	7	0	0	0	12
APS 3	2	0	2	0	0	0	0	0	0	2
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
TOTAL	173	5	178	197	43	240	0	0	0	418

Note: Figures are based on substantive classification as at 30 June 2021.

Table 34: Australian Public Service Act Non-Ongoing Employees Previous Report Period (2020-21)

	Male			Female			Indeterminate			Total
	Full-time	Part time	Total Male	Full-time	Part time	Total Female	Full-time	Part time	Total Indeterminate	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0
EL 2	1	0	1	0	0	0	0	0	0	1
EL 1	3	1	4	0	0	0	0	0	0	4
APS 6	0	0	0	2	2	4	0	0	0	4
APS 5	3	0	3	3	0	3	0	0	0	6
APS 4	0	0	0	0	0	0	0	0	0	0
APS 3	0	0	0	0	0	0	0	0	0	0
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
TOTAL	7	1	8	5	2	7	0	0	0	15

Note: Figures are based on substantive classification as at 30 June 2021.

Table 35: Australian Public Service Act Employees by Full time and Part time Status
Current Report Period (2021-22)

	Ongoing			Non-ongoing			Total
	Fulltime	Part time	Total Ongoing	Fulltime	Part time	Total Non-Ongoing	
SES 3	0	0	0	0	0	0	0
SES 2	3	0	3	0	0	0	3
SES 1	8	0	8	0	0	0	8
EL 2	43	6	49	1	0	1	50
EL 1	101	19	120	2	0	3	123
APS 6	181	23	204	5	1	5	209
APS 5	70	1	71	3	1	4	75
APS 4	18	0	18	1	1	2	20
APS 3	0	0	0	1	0	1	1
APS 2	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
TOTAL	424	49	473	13	3	16	489

Note: Figures are based on substantive classification as at 30 June 2022.

Table 36: Australian Public Service Act Employees by Full time and Part time Status
Previous Report Period (2020-21)

	Ongoing			Non-ongoing			Total
	Fulltime	Part time	Total Ongoing	Fulltime	Part time	Total Non-Ongoing	
SES 3	0	0	0	0	0	0	0
SES 2	3	0	3	0	0	0	3
SES 1	8	0	8	0	0	0	8
EL 2	51	7	58	1	0	1	59
EL 1	101	16	117	3	1	4	121
APS 6	144	22	166	2	2	4	170
APS 5	49	3	52	6	0	6	58
APS 4	12	0	12	0	0	0	12
APS 3	2	0	2	0	0	0	2
APS 2	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
TOTAL	370	48	418	12	3	15	433

Note: Figures are based on substantive classification as at 30 June 2021.

Table 37: Employment type by location Current Report Period (2021-22)

	Ongoing	Non-ongoing	Total
NSW	181	9	190
QLD	36	2	38
SA	2	0	2
TAS	0	0	0
VIC	154	3	157
WA	4	0	4
ACT	90	2	92
NT	0	0	0
External Territories	0	0	0
O/S	6	0	6
TOTAL	473	16	489

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.

Table 38: Employment type by location Previous Report Period (2020-21)

	Ongoing	Non-ongoing	Total
NSW	157	8	165
QLD	31	1	32
SA	2	0	2
TAS	0	0	0
VIC	129	2	131
WA	5	0	5
ACT	88	4	92
NT	0	0	0
External Territories	0	0	0
O/S	6	0	6
TOTAL	418	15	433

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.

Table 39: Australian Public Service Act Indigenous Employment Current Report Period (2021-22)

	Total
Ongoing	3
Non-Ongoing	1
TOTAL	4

Table 40: Australian Public Service Act Indigenous Employment Previous Report Period (2020-21)

	Total
Ongoing	1
Non-Ongoing	1
TOTAL	2

Table 41: Australian Public Service Act Employment arrangements Current Report Period (2021-22)

	SES	Non-SES	Total
Section 24(1) Determination	11	0	11
Individual Flexibility Arrangement	0	27	27
AUSTRAC Enterprise Agreement	0	452	452
Total	11	479	490

*Table 42: Australian Public Service Act Employment salary ranges by classification level
(Minimum/Maximum) Current Report Period (2021-22)*

	Minimum Salary (\$)	Maximum Salary (\$)
SES 3	n/a	n/a
SES 2	293,997	293,997
SES 1	235,543	235,543
EL 2	129,776	182,755
EL 1	111,340	149,566
APS 6	91,107	141,984
APS 5	81,312	89,149
APS 4	72,495	80,333
APS 3	65,635	71,513
APS 2	58,779	64,658
APS 1	51,923	56,820
Other	N/A	N/A

Note: This table outlines employee salary ranges as at 30 June 2022, including individual flexibility arrangements. The minimum amount is the first pay point under the Enterprise Agreement.

Executive Remuneration

Table 43: Remuneration for Key Management Personnel

Name	Position Title	Short-term Benefits		
		Base Salary (\$)	Bonuses (\$)	Other benefits and allowances (\$)
Nicole Rose	CEO	475,548	-	2,361
Peter Soros	DCEO	295,119	-	6,175
Christopher Collett	DCEO	301,338	-	2,361
John Moss	DCEO	304,826	-	2,361
Total		1,376,831		13,256

Note: 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 2021). Any discrepancy between the value in 'Total Remuneration' or 'Total' and the sum of all benefits is due to rounding.

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> (\$)	(\$)	(\$)
23,663	11,759	-	-	513,331
55,086	7,350	-	-	363,729
44,553	7,350	-	-	355,602
44,604	7,350	-	-	359,141
167,907	33,809	-	-	1,591,804

Table 44: Remuneration for Senior Executives

Total Remuneration Band	Short-term Benefits			
	Number of senior executives	Average Base Salary (\$)	Average Bonuses (\$)	Average Other benefits and allowances (\$)
\$0 - \$220,000	1	46,710	-	420
\$270,001 - \$295,000	7	235,325	-	3,225
\$295,001 - \$320,000	1	247,377	-	2,361

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>
8,315	1,065	-	-	56,510
35,502	5,561	-	1,812	281,426
43,594	5,889	-	-	299,220

Table 45: Remuneration for Other Highly-Paid Staff

Total Remuneration Band	Short-term Benefits			
	Number of other highly paid staff	Average Base Salary (\$)	Average Bonuses (\$)	Average Other benefits and allowances (\$)
\$295,001 – \$320,000	1	192,310	-	105,729
\$370,001 – \$395,000	1	237,428	-	114,961
\$445,001 – \$470,000	1	205,262	-	213,230
\$495,001 – \$520,000	1	225,657	-	240,092
\$545,001 – \$570,000	1	229,315	-	302,120
\$595,001 – \$620,000	1	252,582	-	332,396

Note: Any discrepancy between the value in 'Average Total Remuneration' and the sum of all benefits is due to rounding.

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>
18,808	2,873	-	-	319,721
17,628	2,873	-	-	372,891
28,021	3,833	-	-	450,346
28,090	3,833	-	-	497,672
16,597	2,595	-	-	550,626
19,685	3,085	-	-	607,748



2022

REPORT ON FINANCIAL
PERFORMANCE

2021-22 FINANCIAL PERFORMANCE

A copy of AUSTRAC's audited financial statements and the Auditor-General's report are included on page 207.

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 2021–22 we produced a net operating loss of **\$10.623 million**, compared with a net operating surplus of **\$2.132 million** in 2020-21. The net operating loss includes **\$14.783 million** of depreciation and amortisation expenses.

Total revenue for 2021–22 was **\$92.361 million**: a **\$0.869 million** decrease over the previous year.

Our financial position as at 30 June 2022 is shown in the Statement of Financial Position. This takes into account movements in assets, liabilities and equity. Total equity has increased to **\$71.182 million** (2020–21: \$62.391 million).

EVENTS OCCURRING AFTER BALANCE DATE

New Administrative Arrangements Orders came into effect on 1 July 2022. This resulted in AUSTRAC moving from the Home Affairs Portfolio to the Attorney-General's Portfolio. This change has not had a material effect on the Departmental or Administered financial statements.

Table 46: Agency Resource Statements 2021-22

	<i>Actual available appropriations for 2021-22 \$'000</i>	<i>Payments Made 2021-22 \$'000</i>	<i>Balance Remaining \$'000</i>
	(a)	(b)	(a + b)
Ordinary Annual Services			
Prior year appropriation ^{50,51}	34,948	(33,143)	1,805
Departmental appropriation ^{52,53}	91,949	(59,948)	32,001
Section 74 Agency receipts per 2021-22 Portfolio Budget Statements	8,035	(8,035)	-
Additional section 74 receipts	6,202	(6,202)	-
Total	141,134	(107,328)	33,806
Total ordinary annual services	141,134	(107,328)	33,806
Departmental non-operating			
Equity injections	16,990	(1,115)	15,875
Previous years inputs	13,045	(13,045)	-
Total	30,035	(14,160)	15,875
Total Resourcing and Payments	171,169	(121,488)	49,680

50 Appropriation Act No. 1 2020-21

51 Appropriation Act No. 1 DCB 2020-21

52 Appropriation Act No. 1 2021-22

53 Appropriation Act No. 1 DCB 2021-22

Table 47: Expenses by Outcome for 2021-22

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

	Budget* \$'000	Actual expenses \$'000	Variation \$'000
	(a)	(b)	(a + b)
Program 1.1: AUSTRAC			
Administered expenses	-	552	(552)
Administered total	-	552	(552)
Departmental expenses			
Departmental appropriation	93,294	94,472	(1,178)
s74 External Revenue ⁵⁴	4,015	3,281	734
Expenses not requiring appropriation in the Budget year ⁵⁵	8,943	9,227	(284)
Departmental total	106,252	106,980	(728)
Administered	0	552	(552)
Departmental	106,252	106,980	(728)
Total expenses for Program 1.1	106,252	107,532	(728)
	2021-22	2021-22	
Average staffing level (number)	455	433	

Any discrepancy for any of the totals is due to rounding.

⁵⁴ Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013

⁵⁵ Expenses not requiring appropriation in the Budget year are made up of depreciation expenses and audit fees received free of charge.

* Full-year budget, including any subsequent adjustments made to the 2021-22 budget at Additional Estimates.

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:

1. Departmental Financial Performance

- 1.1 Expenses
 - 1.1A Employee Benefits
 - 1.1B Suppliers
- 1.2 Own-Source Revenue
 - 1.2A Revenue from contracts with customers
 - 1.2B Other revenue
 - 1.2C Revenue from Government

2. Departmental Financial Position

- 2.1 Financial Assets
 - 2.1A 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 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

- 6.1 Current/non-current distinction for assets and liabilities



INDEPENDENT AUDITOR'S REPORT

To the Attorney-General

Opinion

In my opinion, the financial statements of the Australian Transaction Reports and Analysis Centre (the Entity) for the year ended 30 June 2022:

- (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 2022 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 2022 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 Reconciliation Schedule;
- Administered Cash Flow Statement; 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 – Simplified Disclosures 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

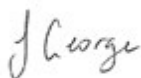
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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



Jodi George

Senior Executive Director

Delegate of the Auditor-General

Canberra

12 September 2022

STATEMENT BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2022 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

12 September 2022

Signed.....

Anđrija Chimus
(Acting) Chief Finance Officer

12 September 2022

Australian Transaction Reports and Analysis Centre

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	58,976	54,018	61,655
Suppliers	1.1B	29,441	23,427	26,330
Depreciation and amortisation	2.2A	14,783	13,262	13,868
Losses from asset sales and disposals		32	192	-
Interest on lease liabilities		332	268	224
Total expenses		103,564	91,167	102,077
Own-Source Income				
Own-source revenue				
Revenue from contracts with customers	1.2A	3,281	7,217	4,015
Other revenue	1.2B	135	2,590	160
Total own-source revenue		3,416	9,807	4,175
Gains				
Gains on disposal of leased asset		-	2	-
Total Gains		-	2	-
Total own-source income		3,416	9,809	4,175
Net (cost of) services		(100,148)	(81,358)	(97,902)
Revenue from Government - departmental appropriation	1.2C	88,945	83,421	88,945
Surplus/(Deficit) attributable to the Australian Government		(11,203)	2,063	(8,957)
OTHER COMPREHENSIVE INCOME				
Transfers between equity components		580	69	-
Total other income / (loss)		580	69	-
Total comprehensive income/(loss) attributable to the Australian Government		(10,623)	2,132	(8,957)

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 primarily driven by having a lower staffing level than budgeted for. The budget allocation provided for 455 ASL and the actual ASL was 433.

The variance in Suppliers is a result of an increase in rent associated with the relocation of AUSTRAC's Sydney Office and a reclassification of capital expenses to operating expenses, related to a review of a specific project's delivery stage.

Revenue from contracts with customers is under budget due to agreed changes to the timing of specific activities covered by Memorandum of Understanding arrangements with other Federal Government Agencies.

Australian Transaction Reports and Analysis Centre
STATEMENT OF FINANCIAL POSITION
 as at 30 June 2022

	Notes	2022 \$'000	2021 \$'000	Original Budget \$'000
ASSETS				
Financial Assets				
Cash and cash equivalents		1,191	1,892	815
Trade and other receivables	2.1A	49,532	46,761	25,668
Total financial assets		50,723	48,653	26,483
Non-Financial Assets¹				
Leasehold improvements	2.2A	3,510	4,137	-
Property, plant and equipment	2.2A	7,862	6,577	17,640
Buildings	2.2A	43,022	20,929	26,501
Intangibles	2.2A	30,422	22,288	40,605
Prepayments		2,980	3,078	2,223
Total non-financial assets		87,796	57,009	86,969
Total assets		138,519	105,662	113,452
LIABILITIES				
Payables				
Suppliers	2.3A	3,224	3,405	2,111
Other payables	2.3B	1,876	1,799	1,220
Total payables		5,100	5,204	3,331
Provisions				
Employee provisions	4.1	17,648	16,191	14,290
Total provisions		17,648	16,191	14,290
Interest bearing liabilities				
Leases	2.4	44,589	21,876	27,622
Total interest bearing liabilities		44,589	21,876	27,622
Total liabilities		67,337	43,271	45,243
Net assets		71,182	62,391	68,209
EQUITY				
Contributed equity		145,272	125,278	145,272
Reserves		1,089	1,669	1,737
Retained surplus (Accumulated deficit)		(75,179)	(64,556)	(78,800)
Total Equity		71,182	62,391	68,209

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

¹ Right-of-use assets are included in Buildings.

Budget Variances Commentary

Statement of Financial Position

The variance in Trade and other receivables mainly relates to retained appropriations receivable at year-end (unspent), which has related variances showing less than budgeted positions in Non-Financial Assets, specifically Property plant and equipment and Intangibles.

The variance in Non-Financial Assets is due to the relocation of AUSTRAC's Sydney Office. Investments in the purchase of Property, plant and equipment reduced significantly as most of these items were paid for as part of the lease incentive for AUSTRAC's Sydney Office (refer to Cash Flow Statement – Purchase of property, plant and equipment). The increase in Buildings (and Leases) is due to the recognition of a new lease for the AUSTRAC Sydney Office.

The variance in Intangibles is due to a reclassification of capital expenses to operating expenses, related to a review of a specific projects delivery stage (refer to the Statement of Comprehensive Income) and other project's completion timeframes extending into future periods.

Employee provisions have increased primarily as a result of increases in the number of employee numbers and changes in the parameters used for calculating the provision.

Australian Transaction Reports and Analysis Centre

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2022

	2022	2021	Original Budget
	\$'000	\$'000	\$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	125,278	104,913	125,278
Adjusted opening balance	125,278	104,913	125,278
Transactions with owners			
Contributions by owners			
Equity injection - Appropriations	16,990	17,346	16,990
Departmental capital budget	3,004	3,019	3,004
Total transactions with owners	19,994	20,365	19,994
Closing balance as at 30 June	145,272	125,278	145,272
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	(64,556)	(66,688)	(69,843)
Adjusted opening balance	(64,556)	(66,688)	(69,843)
Comprehensive income			
Surplus/(Deficit) for the period	(11,203)	2,063	(8,957)
Total comprehensive income	(11,203)	2,063	(8,957)
Transfers between equity components	580	69	-
Closing balance as at 30 June	(75,179)	(64,556)	(78,800)
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	1,669	1,738	1,737
Adjusted opening balance	1,669	1,738	1,737
Transfers between equity components	(580)	(69)	-
Closing balance as at 30 June	1,089	1,669	1,737

Australian Transaction Reports and Analysis Centre
STATEMENT OF CHANGES IN EQUITY (continued)

for the period ended 30 June 2022

	2022	2021	Original Budget
	\$'000	\$'000	\$'000
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	62,391	39,963	57,172
Adjusted opening balance	62,391	39,963	57,172
Comprehensive income			
Surplus/(Deficit) for the period	(11,203)	2,063	(8,957)
Total comprehensive income	(11,203)	2,063	(8,957)
Transactions with owners			
Contributions by owners			
Equity injection - Appropriations	16,990	17,346	16,990
Departmental capital budget	3,004	3,019	3,004
Total transactions with owners	19,994	20,365	19,994
Closing balance as at 30 June	71,182	62,391	68,209

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

Accounting Policy

Equity Injections

Amounts appropriated as 'equity injections' and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in the year of receipt.

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 2022

	2022	2021	Original Budget
Notes	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	88,529	74,921	89,350
Rendering of services	14,237	11,113	3,610
GST received	4,918	3,528	3,550
Total cash received	107,684	89,562	96,510
Cash used			
Employees	57,123	51,933	61,655
Suppliers	44,505	29,872	26,170
GST paid	412	8	3,550
Interest payments on lease liabilities	332	268	224
Total cash used	102,372	82,081	91,599
Net cash from operating activities	5,312	7,481	4,911
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	4,316	3,337	23,994
Purchase of internally developed software	13,601	10,121	-
Total cash used	17,917	13,458	23,994
Net cash used by investing activities	(17,917)	(13,458)	(23,994)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	16,976	11,975	23,994
Total cash received	16,976	11,975	23,994
Cash used			
Principal payments of lease liabilities	5,072	4,921	4,911
Total cash used	(5,072)	(4,921)	(4,911)
Net cash from financing activities	11,904	7,054	19,083
Net decrease in cash held	(701)	1,077	-
Cash and cash equivalents at the beginning of the reporting period	1,892	815	815
Cash and cash equivalents at the end of the reporting period	1,191	1,892	815

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

Budget Variances Commentary

Cash Flow Statement

The variance in Rendering of services and Suppliers is due to the relocation of AUSTRAC's Sydney Office. During the relocation, AUSTRAC paid for various items of leasehold improvements which were then reimbursed by the Landlord as part of the lease incentive on the new property. Suppliers also increased as a result of the increased rent associated with the relocation.

The variance in Employees is primarily driven by having a lower staffing level than budgeted for as identified in the Statement of Comprehensive Income.

The variance in the Purchase of Property, plant and equipment is due to the relocation of AUSTRAC's Sydney Office, as identified in the Statement of Financial Position.

Australian Transaction Reports and Analysis Centre

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

for the period ended 30 June 2022

	2022 \$'000	2021 \$'000	Original Budget \$'000
Net Cost of Services			
EXPENSES			
Impairment of receivables	-	9	-
Waivers	1,209	688	-
Impairment loss on financial instruments	4	499	-
Total expenses	1,213	1,196	-
Income			
Revenue			
Taxation revenue			
Industry contribution levies ¹	93,692	91,060	93,342
Total Taxation revenue	93,692	91,060	93,342
Non-taxation revenue			
Fines ²	26	1,301,256	100
Total non-taxation revenue	26	1,301,256	100
Total revenue	93,718	1,392,316	93,442
Net contribution by services	92,505	1,391,120	93,442
Surplus	92,505	1,391,120	93,442

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

¹ As part of a review conducted by Treasury during the 2022 financial year, the AUSTRAC industry contribution levy was reclassified as Taxation revenue – Other taxes.

² Prior year Fines represents the finalisation of the Westpac enforcement action. During the previous financial year, the Federal Court finalised its judgement and made orders requiring Westpac to pay the agreed fine (returned to the Commonwealth), and the AUSTRAC legal expenses (retained by AUSTRAC and included in Note 1.2B Other Revenue).

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

The variance from budget for Waivers is a result of invoiced levies being waived as part of the normal levy process for disputes finalised up to 30 June 2022. The Impairment loss on financial instruments relates to levies unpaid that are deemed unrecoverable as at 30 June 2022.

The variance from budget in Industry contribution levies is a result to changes in reported declared earnings or group structures for some reporting entities. The changes required a review and as a result there was a revision to the levies charged in prior periods. This resulted in a net increase in collected levies in 2021-22 which related to prior years.

Australian Transaction Reports and Analysis Centre

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES

as at 30 June 2022

	2022 \$'000	2021 \$'000	Original Budget \$'000
Assets			
Financial assets			
Other financial assets	-	-	51
Other receivables	143	499	240
Less impairment loss allowance ¹	(4)	(499)	-
Total financial assets	139	-	291
Total assets administered on behalf of Government	139	-	291
Liabilities			
Financial Liabilities			
Provision for refund ²	-	253	-
Total financial liabilities administered on behalf of government	-	253	-
Net assets/(liabilities)	139	(253)	291

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

¹. Provision for impairment for levies that are unpaid and are deemed unrecoverable at 30 June 2022 \$0.004m. (2021 \$0.499m).

². Provision for refund for levies that are paid and are being disputed as at 30 June 2022 \$Nil (2021 \$0.253m).

Australian Transaction Reports and Analysis Centre

ADMINISTERED RECONCILIATION SCHEDULE*for the period ended 30 June 2022*

	2022	2021
	\$'000	\$'000
Opening assets less liabilities as at 1 July	<u>(253)</u>	<u>291</u>
Surplus items:		
Net contribution by services	92,505	1,391,119
Transfers to/from Australian Government:		
Special appropriation (unlimited)	552	26
Transfers to Official Public Account	<u>(92,665)</u>	<u>(1,391,689)</u>
Closing assets less liabilities as at 30 June	<u>139</u>	<u>(253)</u>

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.

Australian Transaction Reports and Analysis Centre

Administered Cash Flow Statement

for the period ended 30 June 2022

	2022	2021	Original Budget
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Taxes	92,639	90,432	93,342
Fees and Fines	26	1,301,257	100
Total Cash received	92,665	1,391,689	93,442
Cash used			
Refunds of fees and taxes	(552)	(26)	-
Total cash used	(552)	(26)	-
Net cash flows from operating activities	92,113	1,391,663	93,442
Net increase in cash held	92,113	1,391,663	93,442
Cash and cash equivalents at the beginning of the reporting period	-	-	-
Cash from the Official Public Account for:			
Special appropriation (unlimited)	552	26	-
Cash to Official Public Account for:			
Administered receipts	(92,665)	(1,391,689)	(93,442)
Net decrease in cash held	(92,113)	(1,391,663)	(93,442)
Cash and cash equivalents at the end of the reporting period	-	-	-

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

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 intelligence, risk-based regulation, 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 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 – including simplified disclosures for Tier 2 Entities under AASB 1060 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.

New Accounting Standards

No accounting standard has been adopted earlier than the application date as stated in the standard.

Prior to the signing of the Statements by the Chief Executive Officer and Chief Finance Officer, no new standards were applied in the current reporting period that had a material effect on AUSTRAC's financial statements.

AASB 1060 applies to annual reporting periods beginning on or after 1 July 2021 and replaces the reduced disclosure requirements (RDR) framework. The application of AASB 1060 involves some reduction in disclosure compared to the RDR with no impact on the reported financial position, financial performance and cash flows of AUSTRAC.

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

New Administrative Arrangements Orders came into effect on 1 July 2022. This resulted in AUSTRAC moving from the Home Affairs Portfolio to the Attorney-General's Portfolio. This change has not 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.

OVERVIEW (continued)**Reporting of Administered Activities (continued)**

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

For the year ended 30 June 2022, AUSTRAC's response to 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.

Industry Contribution Levy Reclassification

A significant part of AUSTRAC's activities is notionally financed through the Industry Contribution (IC) Levy, which is authorised and administered by the *Australian Transaction Reports and Analysis Centre Industry Contribution Act 2011* (Levy Act) and the *Australian Transaction Reports and Analysis Centre Industry Contribution (Collection) Act 2011*. The IC Levy is a compulsory annual payment that some reporting entities must pay. These reporting entities include banks, insurance companies, gambling, bullion or digital currency exchange services. The IC Levy commenced in the 2011-12 financial year.

On 17 January 2022, the Commonwealth Department of Finance (Finance) contacted the Australian Bureau of Statistics (ABS) with a request from the Department of Treasury (Treasury) for the ABS to review the IC Levy classification. At the conclusion of this review, the ABS determined that that the IC Levy should be treated as:

- sales of goods and services (administrative fees) from the IC Levy's introduction in 2011-12 to 2013-14;
- Taxes on Income from 2014-15 onwards following legislative changes to the IC Levy in 2014.

In line with this determination of the reclassification of the IC Levy from the ABS, AUSTRAC is now reporting the recovery of the levy as Taxation revenue – Other taxes for all levy recoveries from 2014-15 onwards. Other than the reclassification, this change has no material effects on the previous reporting of the AUSTRAC IC Levy

1. DEPARTMENTAL FINANCIAL PERFORMANCE

This section analyses AUSTRAC's financial performance for the year ended 30 June 2022

1.1 Expenses

	2022	2021
	\$'000	\$'000
1.1A Employee Benefits		
Wages and salaries	43,609	38,654
Superannuation:		
Defined contribution plans	6,190	5,310
Defined benefit plans	1,651	1,667
Leave and other entitlements	6,414	7,108
Separation and redundancies	197	370
Other	915	909
Total employee benefits	58,976	54,018

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	9,822	7,522
Contracted services - consultants	6,849	2,734
IT maintenance	4,709	4,411
Travel	1,777	1,375
Property and office maintenance	2,651	2,431
Telecommunications	1,228	1,209
Other	1,831	3,441
Total goods and services	28,867	23,123

Goods and services are made up of:

Goods supplied	1,786	1,462
Services rendered	27,081	21,661
Total goods and services supplied or rendered	28,867	23,123

Other supplier expenses

Workers compensation expenses	102	97
Short term lease rentals	472	207
Total other suppliers	574	304
Total suppliers	29,441	23,427

The Entity has short-term lease commitments of \$511,661 as at 30 June 2022.

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.

1.2 Own-Source Revenue and gains

	2022	2021
	\$'000	\$'000

Own-Source Revenue**1.2A Revenue from contracts with customers**

Revenue from contracts with customers	<u>3,281</u>	<u>7,218</u>
Total Revenue from contracts with customers	<u>3,281</u>	<u>7,218</u>

Type of customer:

Australian Government entities (related parties)	<u>3,281</u>	<u>7,218</u>
	<u>3,281</u>	<u>7,218</u>

Timing of transfer of goods and services:

Over time	3,050	4,795
Point in time	<u>287</u>	<u>2,423</u>
	<u>3,337</u>	<u>7,218</u>

Accounting Policy

AUSTRAC enters into various Memorandum of Understanding (MOU) contracts for service delivery arrangements with related parties, specifically other Federal Government Agencies. These agreements can last from 6 months to 4 years.

AUSTRAC's recognition of this revenue is largely based on when the performance obligations and customer satisfaction is met. This can be at multiple recognition points throughout the contract period and will include:

- point in time recognition for some obligations such as training, seminars, on ground activities, licence services, asset acquisitions, and
- upon receipt of revenue when delivering management services on an ongoing basis to the customer. For management purposes, this may result in revenue being recognised throughout the financial year, however all revenue received for delivering management services will be recognised in full in the financial year of receipt.

Where AUSTRAC has assessed the revenue under AASB 15, AUSTRAC will recognise the revenue upon completion of activities. For revenue assessed under AASB 1058, AUSTRAC will recognise the revenue in the year when the contribution is received.

	2022 \$'000	2021 \$'000
<u>1.2B Other revenue</u>		
Resources received free of charge		
Remuneration of auditors	135	135
Other income ¹	-	2,455
Total other revenue	<u>135</u>	<u>2,590</u>

¹: Prior year Other income represents the net recovery of legal services from the finalisation of the Westpac enforcement action as outlined in the Administered Schedule of Comprehensive Income.

Accounting Policy

Resources received free of charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of these resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

1.2C Revenue from Government

Appropriations:

Departmental appropriation	<u>88,945</u>	<u>83,421</u>
Total revenue from Government	<u>88,945</u>	<u>83,421</u>

Accounting Policy

Revenue from Government

Revenue from Government amounts appropriated for departmental appropriations for the period (adjusted for any formal additions and reductions) are recognised as revenue from Government when AUSTRAC gains control of the appropriation. Appropriations receivable are recognised at their nominal amounts.

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.

2.1 Financial Assets

	2022 \$'000	2021 \$'000
2.1A Trade and Other Receivables		
Goods and services	238	292
Total receivables for goods and services	238	292
Appropriations receivable:		
Receivables from existing programs	49,100	45,665
Total appropriations receivable	49,100	45,665
Other receivables:		
GST receivable from the Australian Taxation Office	194	804
Total other receivables	194	804
Total trade and other receivables (gross)	49,532	46,761
Total trade and other receivables (net)	49,532	46,761
Receivables are expected to be recovered in:		
No more than 12 months	49,532	46,761
Total trade and other receivables (net)	49,532	46,761

Financial assets were assessed for impairment in accordance with the impairment policy stated below. No indicators of impairment were identified as at 30 June 2022.

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.

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
As at 1 July 2021	
Gross book value	8,196
Accumulated depreciation and impairment	(4,059)
Total as at 1 July 2021	4,137
Additions	
By purchase	139
Internally developed	-
Depreciation and amortisation	(766)
Depreciation on right-of-use assets	-
Reclassification:	-
Disposals:	-
Asset cost on assets disposed	-
Accumulated depreciation on assets disposed	-
Total as at 30 June 2022	3,510
Totals as at 30 June 2022 are represented by:	
Gross book value	8,335
Accumulated depreciation and impairment	(4,825)
Total as at 30 June 2022	3,510
Carrying amount of right-of-use assets	-

¹ All buildings are classified as Right of Use Assets.

² The carrying amount of intangibles comprises additions of \$13.601 million of internally generated software (2021: \$10.121 million).

Revaluations of non-financial assets

All revaluations are conducted in accordance with the revaluation policy stated below. No revaluations were conducted this year (Leasehold improvements 2021: Nil, Property plant and equipment 2021: Nil, Intangibles 2021 Nil).

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

Contractual commitments for the acquisition of software for intangible assets is nil (inclusive of GST), (2021: \$0.550 million inclusive of GST for software supplier).

Buildings ¹	Property, plant and equipment	Intangibles ²	Total
\$'000	\$'000	\$'000	\$'000
31,320	22,755	42,314	104,585
(10,391)	(16,178)	(20,026)	(50,654)
<hr/> 20,929	<hr/> 6,577	<hr/> 22,288	<hr/> 53,931
27,784	4,176	-	32,099
-	-	13,601	13,601
-	(2,859)	(5,467)	(9,092)
(5,691)	-	-	(5,691)
-	-	-	-
-	-	-	-
(6,993)	(3,725)	-	(10,718)
6,993	3,693	-	10,686
<hr/> 43,022	<hr/> 7,862	<hr/> 30,422	<hr/> 84,816
52,111	23,206	55,915	139,567
(9,089)	(15,344)	(25,493)	(54,751)
<hr/> 43,022	<hr/> 7,862	<hr/> 30,422	<hr/> 84,816
<hr/> 43,022	<hr/> -	<hr/> -	<hr/> 43,022

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.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

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 in 2020 AUSTRAC 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 leased asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, GGS and Whole of Government financial statements.

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

Following initial recognition at cost, items of property, plant and equipment (excluding ROU assets) 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. AUSTRAC has assessed a three year update is appropriate to meet this requirement. The frequency of independent valuations is dependent upon the volatility of movements in market values for relevant assets. AUSTRAC has assessed a three year update is appropriate to meet this requirement with the most recent independent valuation conducted during May 2020 for a valuation date of 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	2022	2021
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 as at 30 June 2022. 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 internally assessed for impairment as at 30 June 2022.

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 (2020-21: 1 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2022.

Accounting Judgements and Estimates Fair Value Measurement

AUSTRAC relies on the expert advice of internal staff to conduct asset materiality reviews of all non-financial assets held at fair value as at reporting date and relies upon those outcomes to establish carrying amounts.

An annual assessment is undertaken to determine whether the carrying amount of assets differs materially from the fair value. Comprehensive valuations are undertaken at least once every three years.

The fair value of property, plant and equipment is determined using either the Market Approach or the Cost Approach.

2.3 Payables

	2022	2021
	\$'000	\$'000
2.3A Suppliers		
Trade creditors and accruals	<u>3,224</u>	<u>3,405</u>
Total suppliers	<u>3,224</u>	<u>3,405</u>

Supplier payables are made within 20 days (2021: 20 days).

2.3B Other Payables

Contract liabilities ¹	315	635
Salaries and wages	1,181	858
Superannuation	215	163
Other	<u>165</u>	<u>142</u>
Total other payables	<u>1,876</u>	<u>1,798</u>

¹ The contract liabilities are associated with various Memorandum of Understanding arrangements with other Federal Government Agencies for the delivery of specific activities. These agreements can last from 6 months to 4 years and are paid to AUSTRAC under section 74 of the PGPA Act.

2.4 Leases

Leases

Lease Liabilities	<u>44,589</u>	<u>21,876</u>
Total leases	<u>44,589</u>	<u>21,876</u>

Total cash outflow for leases for the year ended 30 June 2022 was \$5.404 million, (2021 \$5.189 million)

Maturity analysis - contractual undiscounted cash flows

Within 1 year	5,868	5,090
Between 1 to 5 years	22,561	10,896
More than 5 years	<u>17,660</u>	<u>6,731</u>
Total leases	<u>46,089</u>	<u>22,717</u>

Accounting Policy

Leases

For all new contracts entered into, AUSTRAC considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or AUSTRAC's incremental borrowing rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

3. FUNDING

This section identifies AUSTRAC's funding structure.

3.1 Appropriations

3.1A Annual Appropriations ('recoverable GST exclusive')

2022 Annual Appropriations					
	Annual Appropriation ^{1,3}	Adjustment to Appropriations ²	Total Appropriation	Appropriation applied in 2022 (current and prior years)	Variance ^{4,5}
	\$'000	\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL					
Ordinary annual services	88,945	14,237	103,182	106,458	(3,276)
Capital budget ³	3,004	-	3,004	2,816	188
Other services				-	
Equity	16,990	-	16,990	14,160	2,830
Total departmental	108,939	14,237	123,176	123,434	(258)

¹ In 2021-22 there were no adjustments that met the recognition criteria of a formal reduction in revenue (2021: Nil).

² Section 74 increase in revenue \$14.237 million (2021: \$11.113 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.

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

2021 Annual Appropriations					
	Annual Appropriation ^{1,3}	Adjustment to Appropriations ²	Total Appropriation	Appropriation applied in 2020 (current and prior years)	Variance ^{4,5}
	\$'000	\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL					
Ordinary annual services	83,421	11,113	94,534	84,519	10,015
Capital budget ³	3,019	-	3,019	1,733	1,286
Other services					
Equity	17,346	-	17,346	10,243	7,103
Total departmental	103,786	11,113	114,899	96,495	18,404

¹ In 2020-21 there were no adjustments that met the recognition criteria of a formal reduction in revenue (2020: Nil).

² Section 74 increase in revenue \$11.113 million (2020: \$12.166 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.

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')

	2022	2021
	\$'000	\$'000
<i>Appropriation Act No.1 2019-20 Departmental Capital Budget</i>	-	1,678
<i>Appropriation Act No.1 2020-21 Cash at bank and on hand</i>	-	1,892
<i>Appropriation Act No.1 2020-21</i>	-	28,000
<i>Appropriation Act No.1 2020-21 Departmental Capital Budget</i>	1,805	2,943
<i>Appropriation Act No.2 2020-21</i>	-	13,045
<i>Appropriation Act No.1 2021-22</i>	28,416	-
<i>Appropriation Act No.1 2021-22 Cash at bank and on hand</i>	1,191	-
<i>Appropriation Act No.1 2021-22 Departmental Capital Budget</i>	3,004	-
<i>Appropriation Act No.2 2021-22</i>	15,875	-
Total	50,291	47,557

The 2021-22 appropriation acts are not affected by any quarantine arrangements. (2021: Nil)

3.1C Special Appropriations ('recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2022	2021
			\$'000	\$'000
Section 77, Public Governance, Performance and Accountability Act 2013	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.	552	26
Total special appropriations applied			552	26

3.2 Net Cash Appropriation Arrangements

	2022	2021
	<u>\$'000</u>	<u>\$'000</u>
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	(10,623)	2,132
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections) ¹	9,092	7,977
Plus: depreciation of right-of-use assets ²	5,691	5,285
Less: lease principal repayments ²	<u>(5,072)</u>	<u>(5,189)</u>
Net Cash Operating Surplus/ (Deficit)	<u>(912)</u>	<u>10,205</u>

¹ From 2010-11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expenses of non-corporate Commonwealth entities and selected corporate Commonwealth entities were replaced with a separate capital budget provided through equity injections. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

² The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principal repayment amount reflects the impact of AASB 16 Leases, which does not directly reflect a change in appropriation arrangements.

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.

	2022	2021
	\$'000	\$'000
4.1 Employee Provisions		
Leave	17,648	16,191
Total employee provisions	17,648	16,191

Accounting Policy

Liabilities for short-term 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.

The liability for long service leave is the present value of employee entitlements based on the Australian Government shorthand method as per the FRR. In using this method, AUSTRAC has incorporated standard demographic assumptions and relevant parameters deemed applicable to AUSTRAC.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The entity recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

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 2022 represents outstanding contributions for the final fortnight of the year.

Accounting Judgements and Estimates

The liability for long service leave has been determined by use of the shorthand model which was developed for entities with no more than 1,000 employees by the Department of Finance. Under the shorthand model, an entity specific discount factor is calculated based on the changing demographic mix of that entity. The discount factor takes into account the timing of the projected LSL payments, and represents the impact of increasing payments with the assumed level of salary growth, up to the time of payment. The value is then discounted to the present day using the bond rate published annually. AUSTRAC estimates this discount factor with reference to published Wage Price Index data plus a promotional growth rate as recommended in the model. All other inputs are consistent with the recommendations of the shorthand model.

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:

	2022	2021
	\$	\$
Short-term employee benefits		
Salary	1,376,831	1,366,367
Other benefits and allowances - car parking	13,256	15,296
Short-term employee benefits	<u>1,390,088</u>	<u>1,381,663</u>
Post-employment benefits		
Superannuation	167,907	165,224
Post-employment benefits	<u>167,907</u>	<u>165,224</u>
Other long-term employee benefits		
Long-service leave	33,809	33,430
Other long-term employee benefits	33,809	33,430
Total key management personnel remuneration expenses¹	<u>1,591,804</u>	<u>1,580,317</u>

The total number of key management personnel included in the above table is 4 (2021: 4).

¹ The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by AUSTRAC.

4.3 Related Party Disclosures

Related party relationships:

The parent entity to AUSTRAC is the Australian Government. AUSTRAC is an Australian Government controlled entity. Related parties to AUSTRAC are other Australian Government entities and Key Management Personnel including the Portfolio Minister and Executive.

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. These are not considered individually significant to warrant separate disclosure as related party transactions.
- 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 2022 (2021: Nil).

Unquantifiable contingencies

There is one departmental unquantifiable contingency as at 30 June 2022 (2021: Nil Departmental, Nil Administered). The 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 a 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.

	2022	2021
	\$'000	\$'000
<u>5.2 Categories of Financial Instruments</u>		
Financial assets at amortised cost		
Loans and receivables		
Cash and cash equivalents	1,191	1,892
Goods and services receivable	238	292
Total financial assets at amortised cost	<u>1,429</u>	<u>2,184</u>
Total financial assets	<u>1,429</u>	<u>2,184</u>
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	3,224	3,405
Total financial liabilities measured at amortised cost	<u>3,224</u>	<u>3,405</u>
Total financial liabilities	<u>3,224</u>	<u>3,405</u>

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.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

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

Current/non-current distinction for assets and liabilities

6.1 Current/non-current distinction for assets and liabilities

	2022	2021
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	1,191	1,892
Trade and other receivables	49,532	46,762
Prepayments	2,021	2,102
Building	4,986	4,873
Total no more than 12 months	57,730	55,629
More than 12 months		
Leasehold Improvements	3,510	4,137
Building	38,036	16,056
Plant and equipment	7,862	6,577
Prepayments	959	975
Intangibles	30,422	22,288
Total more than 12 months	80,789	50,033
Total assets	138,519	105,662
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	3,224	3,405
Leases	4,986	4,873
Other payables	1,876	1,799
Employee provisions	7,376	6,467
Total no more than 12 months	17,462	16,544
More than 12 months		
Suppliers	-	-
Leases	39,603	17,004
Other payables	-	-
Employee provisions	10,272	9,724
Total more than 12 months	49,875	26,728
Total liabilities	67,337	43,271

Administered Current/non-current distinction for assets and liabilities		
	2022	2021
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months	138	-
More than 12 months	-	-
Total assets	138	-
Liabilities expected to be recovered in:		
No more than 12 months	-	253
Total liabilities	-	253



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APPENDICES



List of Requirements

PGPA Rule Reference	Page of Report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	3	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)	Aid to access		
17AJ(a)	4 - 5	Table of contents	Mandatory
17AJ(b)	258	Alphabetical index	Mandatory
17AJ(c)	254	Glossary of abbreviations and acronyms	Mandatory
17AJ(d)	243	List of requirements	Mandatory
17AJ(e)	1	Details of contact officer	Mandatory
17AJ(f)	1	Entity's website address.	Mandatory
17AJ(g)	1	Electronic address of report	Mandatory
17AD(a)	Review by Accountable Authority		
17AD(a)	9	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the Entity		
17AE(1)(a)(i)	14-15	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	20-21	A description of the organisational structure of the entity.	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
17AE(1)(a)(iii)	13	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	13	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	22	Name of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(ii)	22	Position title of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(iii)	22	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
17AD(c)	Report on the Performance of the Entity		
	Annual Performance Statements		
17AD(c)(i); 16F	27-127	Annual performance statement 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)	203	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	204-205	A table summarising the total resources and total payments of the entity.	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
17AF(2)	203	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
17AD(d)		Management and Accountability	
		Corporate Governance	
17AG(2)(a)	160	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	1	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	1	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)	1	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)	153-161	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
17AG(2)(d) – (e)	161	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory
Audit Committee			
17AG(2A)(a)	154	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	154-158	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	154-158	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	154-158	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	154-158	The remuneration of each member of the entity's audit committee.	Mandatory
External Scrutiny			
17AG(3)	162-163	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	162	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)	162	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)	162	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
Management of Human Resources			
17AG(4)(a)	178-179	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	182-195	<p>Statistics on the entity's employees on an ongoing and non ongoing basis, including the following:</p> <p>(a) statistics on full time employees; (b) statistics on part time employees; (c) statistics on gender (d) statistics on staff location</p>	Mandatory
17AG(4)(b)	182-195	<p>Statistics on the entity's APS employees on an ongoing and non ongoing basis; including the following:</p> <p>(a) Statistics on staffing classification level; (b) Statistics on full time employees; (c) Statistics on part time employees; (d) Statistics on gender; (e) Statistics on staff location; (f) Statistics on employees who identify as Indigenous.</p>	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
17AG(4)(c)	177	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the Public Service Act 1999.	Mandatory
17AG(4)(c)(i)	177	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)	195	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	177	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	N/A	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
Assets Management			
17AG(5)	170	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory
Purchasing			
17AG(6)	164	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
Reportable Consultancy Contracts			
17AG(7)(a)	165	A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7)(b)	165	A statement that “During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].”	Mandatory
17AG(7)(c)	166	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)	166	A statement that “Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.”	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
Reportable Non-Consultancy Contracts			
17AG(7A)(a)	166	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	167	A statement that "Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website."	Mandatory
Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts			
17AGA	165-167	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory
Australian National Audit Office Access Clauses			
17AG(8)	168	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 Auditor General 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

PGPA Rule Reference	Page of Report	Description	Requirement
Exempt Contracts			
17AG(9)	166	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
Small Business			
17AG(10)(a)	169	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)	169	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	169	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

PGPA Rule Reference	Page of Report	Description	Requirement
Financial Statements			
17AD(e)	206-239	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive Remuneration			
17AD(da)	196-201	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory
Other Mandatory Information			
17AH(1)(a)(i)	N/A	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)	170	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	170	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)	181	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	163	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
17AH(1)(e)	N/A	Correction of material errors in previous annual report	If applicable, Mandatory
17AH(2)	161; 171	Information required by other legislation	Mandatory

Glossary

Abbreviation/acronym	Description
ABA	Australian Banking Association
ABF	Australian Border Force
ACCCE	Australian Centre to Counter Child Exploitation
ACIC	Australian Criminal Intelligence Commission
ACLEI	Australian Commission for Law Enforcement Integrity
ADI	Authorised deposit-taking institution
AFMA	Australian Financial Markets Association
AFP	Australian Federal Police
AIPJ2	Australian Indonesia Partnership for Justice Phase 2
AIST	Australian Institute of Superannuation Trustees
AML/CTF Rules	Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007
AML/CTF Act	<i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i>
AML/CTF	Anti-money laundering and counter-terrorism financing
ANU	Australian National University
APS	Australian Public Service
ARCPA	Australian Remittance and Currency Providers Association
ASEAN	Association of Southeast Asian Nations
ASIC	Australian Securities Investment Commission
ATMs	Automatic Teller Machines
ATO	Australian Taxation Office
AWB	Analyst Work Bench
BEC	Business Email Compromise
BEST	Black Economy Standing Task force

Abbreviation/acronym	Description
BNI	Bear Negotiable Instruments
CACT	Criminal Asset Confiscation Task force
CAR	Compliance Assessment Report
CBM	Cross Border Movement
CEO	Chief Executive Officer
CR	Compliance Report
CSC	Capability Sub-Committee
DAWE	Department of Agriculture, Water and the Environment
DBG	Designated Business Group
DCE	Digital Currency Exchange
DFAT	Department of Foreign Affairs and Trade
DIO	Defence Intelligence Organisation
ECDD	Enhanced Customer Due Diligence
EGMs	Electronic Gaming Machines
EI	Enforcement Investigations
FASU	Financial Analysis Supervision Unit
FEAL	Fund Executives Association Limited
FIAC	Financial Intelligence Analyst Course
FinCEN	Financial Crimes Enforcement Network
FIU	Financial Intelligence Unit
FOI Act	<i>Freedom of Information Act 1988</i>
FRSC	Finance and Resourcing Sub-Committee
ICA	International Compliance Association
ICT	Information and Communications Technology
IDMs	Intelligent Deposit Machines
IFA	Individual Flexibility Arrangement

Abbreviation/acronym	Description
IFAST	International Financial Action Strike Team
IFTI	International Funds Transfer Instruction
IMVE	Ideologically Motivated Violent Extremism
IPS	Information Publication Scheme
IR	Indicators Report
IRS	Internal Revenue Service
J5	Joint Chiefs of Global Tax Enforcement
JMLIT	Joint Money Laundering Intelligence Task force
KYC	Know Your Customer
ML/TF	Money Laundering / Terrorism Financing
MOU	Memorandum of Understanding
NAB	National Australia Bank
NIC	National Intelligence Community
NDIA	National Disability Insurance Agency
NDIS	National Disability Insurance Scheme
ONI	Office of National Intelligence
PAPP	PPATK/AUSTRAC Partnership Program
PBS	Portfolio Budget Statement
PEP	Politically Exposed Persons
PFIC	Pacific Financial Intelligence Community
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
PIFC	Pacific Intelligence Fundamentals Course
PPATK	Pusat Pelaporan dan Analisis Transaksi Keuangan

Abbreviation/acronym	Description
RAT	Rapid Antigen Test
RBA	Reserve Bank of Australia
REs	Reporting Entities
REST	Reporting Entity System Transformation
RFI	Request for Information
RPB	REST Program Board
RRIFS	Russia-Related Illicit Finance and Sanctions FIU Working Group
SD	Self-Disclosure
SES	Senior Executive Service
SFCT	Serious Financial Crime Task force
SM	Supervisory matters
SMR	Suspicious Matter Report
SOCCC	Serious and Organised Crime Coordination Committee
SOP	Standard Operational Procedures
SPEAR	Supporting Papua New Guinea's Effective AML/CTF Reform Program
TAP	Targeting and Prioritisation model
TBML	Trade-Based Money Laundering
TES	Traq Enquiry System
TGA	Therapeutic Goods Administration
TMP	Transaction Monitoring Program
TTR	Threshold Transaction Report
UNSW	University of New South Wales
VGCC	Victorian Gambling and Casino Control Commission
WAPOL	Western Australia Police Force
WHS Act	<i>Work Health and Safety Act 2011</i>

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