



Australian Government

AUSTRAC

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Australian Government

AUSTRAC

Chief Executive Officer

18 September 2023

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 2023 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* (PGPA Rule).

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 PGPA Rule, 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 'Peter Soros'.

Peter Soros
Acting Chief Executive Officer

TABLE OF CONTENTS

AUSTRAC Year in Review	06
CEO review	08
2022–23 at AUSTRAC	09
Agency Overview	12
Role and Functions	14
Our Capabilities	15
Key Capabilities	16
Regulation and Reform	17
Intelligence	18
Enabling capabilities	19
Our Performance	26
Annual performance statements 2022–23	27
Overview of Performance Framework	27

Fintel Alliance**103**

About Fintel Alliance	104
Fintel Alliance operations	104
2022–23 operational strategy	105
Operational highlights	108
Expanding the reach of Fintel Alliance	114
Combating threats to national security	115
Uniting international efforts	115
Expanding the use of joint AUSTRAC and industry capabilities	117
Partners	121

Management and accountability**122**

Corporate Governance	123
External Scrutiny	131
Procurement, Assets and Grants	133
Consultants and Contracts	133

Management of Human Resources**142**

Our People	143
Our Culture	143
AUSTRAC Enterprise Agreement	145

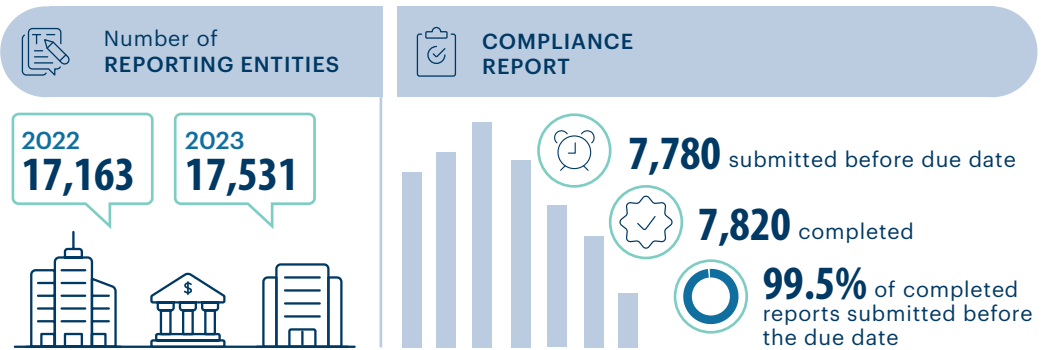
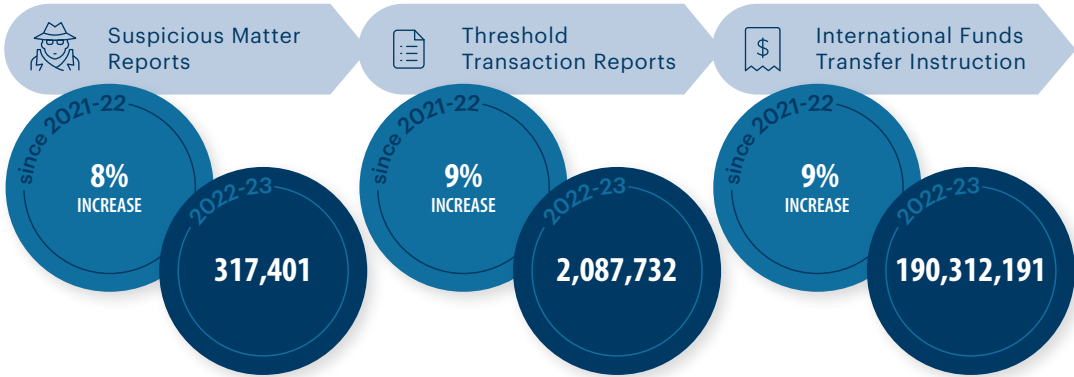
Report on Financial Performance**174**

AUSTRAC Financial Statements	178
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APPENDICES**211**

AUSTRAC YEAR IN REVIEW

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



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



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



MOUs



47 domestic



107 international



4 STAFF
deployed overseas



Total international information exchanges

UK
172

USA
124

NZ
82

Canada
71

Singapore
34



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



FINTEL ALLIANCE



29 members
(incl. AUSTRAC)

Relating to Fintel Alliance:

5,348 SMRs in 2021-22

8,433 SMRs in 2022-23



57%
Increase

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



10 Number of guidance material published



23

Workshops provided



No of venues covered in the 2022-23 pubs and clubs campaign



194

Reporting Entities covered



78%

meet enrolment requirements

72.5%

Percentage of workshop attendees who reported a moderate or higher improvement in their understanding of AML/CTF obligations

71%

Percentage of REs who strengthened AML/CTF controls after AUSTRAC engagement



8

CEO
REVIEW

2022–23 AT AUSTRAC

Serving as Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regulator and financial intelligence unit (FIU), AUSTRAC performs a key role in the law enforcement and regulatory landscape. Together, our regulatory and intelligence functions harden frontline businesses against criminal activity, and enable the detection and disruption of serious crime. Access to AUSTRAC's data and intelligence holdings assists over 5,000 users across government and international partners in their work to deter and disrupt criminal activity.

The end of 2022–23 marked an important milestone for AUSTRAC with the departure of the CEO, Nicole Rose PSM, after serving as the agency head for almost 6 years. The period of Ms Rose's stewardship was a successful one for the agency—AUSTRAC pursued milestone civil penalties against the Commonwealth Bank, Westpac and Crown Casinos, increased awareness of the prevalence and harms of money laundering in Australia, and enhanced its standing as a regulator and FIU among industry, government and internationally. During this time, AUSTRAC also established itself as a leading workplace in terms of culture and employee experience. It has grown to an agency of over 500 people and now sees more than half of our SES roles held by women. The agency is well-placed to respond to future developments and challenges. On behalf of all of our staff, I'd like to thank Ms Rose for her dedication and leadership of the agency during this time.

In 2022–23 AUSTRAC continued to deliver positive outcomes in protecting the Australian community from serious and organised crime. We worked alongside domestic and international law enforcement, national security and other government agencies to provide actionable financial intelligence.

Earlier this year, our financial intelligence was crucial in securing the highest proceeds of crime restraint in the history of the Australian Federal Police—more than \$150 million worth of goods, cash, cryptocurrency and property belonging to members of an international money laundering organisation. Our award-winning public-private partnership, Fintel Alliance, continued to identify opportunities to protect the community from harm. This year, real-time collaboration between industry and government authorities, enabled by Fintel Alliance, led to locating a young girl abducted in the Northern Territory and the apprehension of some of Australia's most wanted fugitives.

'AUSTRAC pursued milestone civil penalties... increased awareness of the prevalence and harms of money laundering in Australia, and enhanced its standing as a regulator and FIU among industry, government and internationally.'

Our strong collaboration extends to our regional and international partners. This year, AUSTRAC co-chaired the Financial Intelligence Consultative Group (FICG) meeting with Malaysia's FIU in Singapore—the first in-person meeting since 2019. Along with the AUSTRAC co-led Pacific Financial Intelligence Community, FICG remains a key vehicle for engagement and operational collaboration across the region, producing actionable intelligence that supports the disruption of serious financial crime. Work continues on initiatives to uplift capacity, improve information sharing and enable greater operational engagement across the Indo-Pacific region, including the development and deployment of a regional Information Sharing Platform, a secure database and analytics platform, and posting an AUSTRAC employee to the Pacific in early 2024.

We continued to deploy regulatory actions to encourage businesses to meet their AML/CTF obligations to protect their business and the community from serious and organised crime. In addition to our usual risk-based approach to regulating reporting entities, AUSTRAC conducted several campaigns over 2022–23. These included looking into compliance reporting obligations and enrolment by pubs and clubs operating electronic gaming machines.

AUSTRAC continues to use insights drawn from our regulatory and intelligence functions to understand risks and vulnerabilities within the financial system. We publish guidance to arm our regulated population with the information they need to manage their money laundering and terrorism financing (ML/TF) risks and help defend themselves and the community against serious financial crime.

We recently improved our website to make it easier for businesses to find relevant information and guidance. We are continuing work on transforming our reporting systems, to make it easier for our regulated population to meet their reporting obligations and engage with AUSTRAC.

AUSTRAC also took action against entities in cases of alleged serious and systemic non-compliance with AML/CTF laws. This sends a strong message to all entities of the need for ongoing vigilance and assurance as to their AML/CTF compliance. During 2022–23 AUSTRAC commenced civil penalty proceedings in the Federal Court against The Star Pty Limited, The Star Entertainment QLD Limited and SkyCity Adelaide Pty Ltd. We also agreed a joint penalty of \$450 million over Crown's breaches of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*, which was ratified by the Federal Court in July 2023.



We recognise it is crucial that AUSTRAC remain agile to respond to changes in our operating environment. Despite a high operational tempo, we remained committed to supporting our workforce, strengthening our organisational culture and embracing hybrid work in 2022–23. To remain effective, AUSTRAC will continually build on our data and technology capabilities, to ensure we are maturing data governance and our use of analytics. This will enable us to address emerging threats such as cybercrime and increasingly sophisticated ML/TF methods.

Preparation is underway for Australia's next mutual evaluation in 2025 by the Financial Action Task Force (FATF), the global AML/CTF and counter-proliferation financing watchdog and standard-setter. FATF will assess Australia's compliance with the global standards and the effectiveness of Australia's AML/CTF regime. AUSTRAC understands the important role FATF plays in ensuring a strong global response to financial crime. We are working with the Attorney-General's Department and others in the ecosystem to ensure Australia is well-positioned to perform strongly during the assessment.

Also to strengthen the effectiveness of Australia's AML/CTF regime, the Attorney-General announced public consultation on proposed reforms to Australia's AML/CTF legislative framework in April 2023. The reforms aim to simplify and modernise the regime, and propose expanding the AML/CTF regime to a wider range of professions and services. The proposed reforms will have wide-ranging implications for AUSTRAC and present an opportunity to maximise the value of AML/CTF regulation and financial intelligence, to generate meaningful outcomes for the Australian community. AUSTRAC is working closely with the Attorney-General's Department on the industry consultation and policy development process, to ensure the reforms can be effectively implemented.

The next few years herald a new and exciting chapter for our agency. I am proud to lead a resilient, collaborative and effective organisation, made up of staff who are engaged and committed to protecting Australia's financial system from criminal exploitation.



Peter Soros
Acting Chief
Executive Officer
AUSTRAC



12






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

AUSTRAC is a non-corporate Commonwealth entity in the Attorney-General's portfolio. During 2022–23 AUSTRAC reported to the Hon Mark Dreyfus KC MP, Attorney-General.

As Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regulator and financial intelligence unit (FIU), AUSTRAC is responsible for detecting, deterring and disrupting criminal exploitation 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 and terrorism financing (ML/TF) and other serious financial crimes
- provide relevant Australian government bodies and their international counterparts with the information they need to investigate and prosecute ML/TF 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 ML/TF and other serious crimes
- fulfil Australia's international obligations and address matters of international concern in combating ML/TF, while beneficially affecting Australia's relations with foreign countries and international organisations.

OUR CAPABILITIES

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 ML/TF risks. 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 on the information in these reports, in combination with other information sources, to identify risks and threats to the Australian community. Our unique financial intelligence expertise enables us to develop targeted intelligence products to support law enforcement and national security agencies' investigation and prosecution of serious criminal activity. We also make this information available to our key government partners, and use the insights generated to educate industry and help build the resilience of Australian businesses in detecting and mitigating criminal abuse of the financial system.

We continue to work in collaboration with our overseas counterparts, particularly with Five Eyes and Asia-Pacific partners, to enhance global financial intelligence and regulatory frameworks, and strengthen regional capacity to combat financial crime.

As outlined in our 2022–26 corporate plan, AUSTRAC's ability to achieve our purpose and undertake our key activities as Australia's AML/CTF regulator and 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 3 divisions as shown in the organisation chart on page 20.

16

KEY
CAPABILITIES



REGULATION AND REFORM

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 *Financial Transaction Reports Act 1988*. We do this to protect them, and the financial system, from criminal abuse. Reporting entities' obligations include identifying, understanding and mitigating money laundering and terrorism financing (ML/TF) risks, and reporting financial transactions and suspicious activity to AUSTRAC.

Our regulatory approach involves education, supervision and enforcement. Our approach is risk-based, ensuring our resources are allocated to best manage ML/TF risks across the Australian financial system, and our interactions with regulated entities are aligned to their needs and circumstances.

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 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 non-compliance with the AML/CTF Act.

INTELLIGENCE

On 20 April 2023 the Attorney-General announced consultation on an extensive package of proposed legislative reforms to Australia's AML/CTF regime. This includes seeking to extend the existing AML/CTF legislation to capture additional entities including lawyers, accountants, trust and company service providers, real estate agents and dealers in precious metals and stones. The reforms also aim to simplify and modernise the regime in line with international standards and best practice.

In 2025 the Financial Action Task Force (FATF) will commence a mutual evaluation of Australia's implementation of the FATF recommendations and effectiveness of the country's AML/CTF system. AUSTRAC is working closely with the Attorney-General's Department and other portfolio agencies to prepare for the mutual evaluation and AML/CTF reform.

As Australia's financial intelligence unit (FIU), AUSTRAC produces actionable financial intelligence and insights for partner agencies, by using information collected from the entities we regulate, and other data sources, specialised analytical tools and tradecraft. Our intelligence relates to the most significant threats against Australia's national security, and crimes including ML/TF, 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 taskforces, and as a member of the National Intelligence Community (NIC).

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 FATF, the Global Coalition to Fight Financial Crime, Egmont Group of FIUs and Asia/Pacific Group on Money Laundering.

ENABLING CAPABILITIES

AUSTRAC's trusted and innovative enabling capabilities underpin our ability to effectively and efficiently deliver on our purpose. Most significant are our people and data capabilities, which ensure our agility and performance as an organisation.

Our hybrid approach to workforce, with our mature technology services, ensures AUSTRAC remains adaptable, effective and contemporary. We recognise that our positive workforce culture and the commitment and resilience of our staff are central to our ability to deliver outcomes.

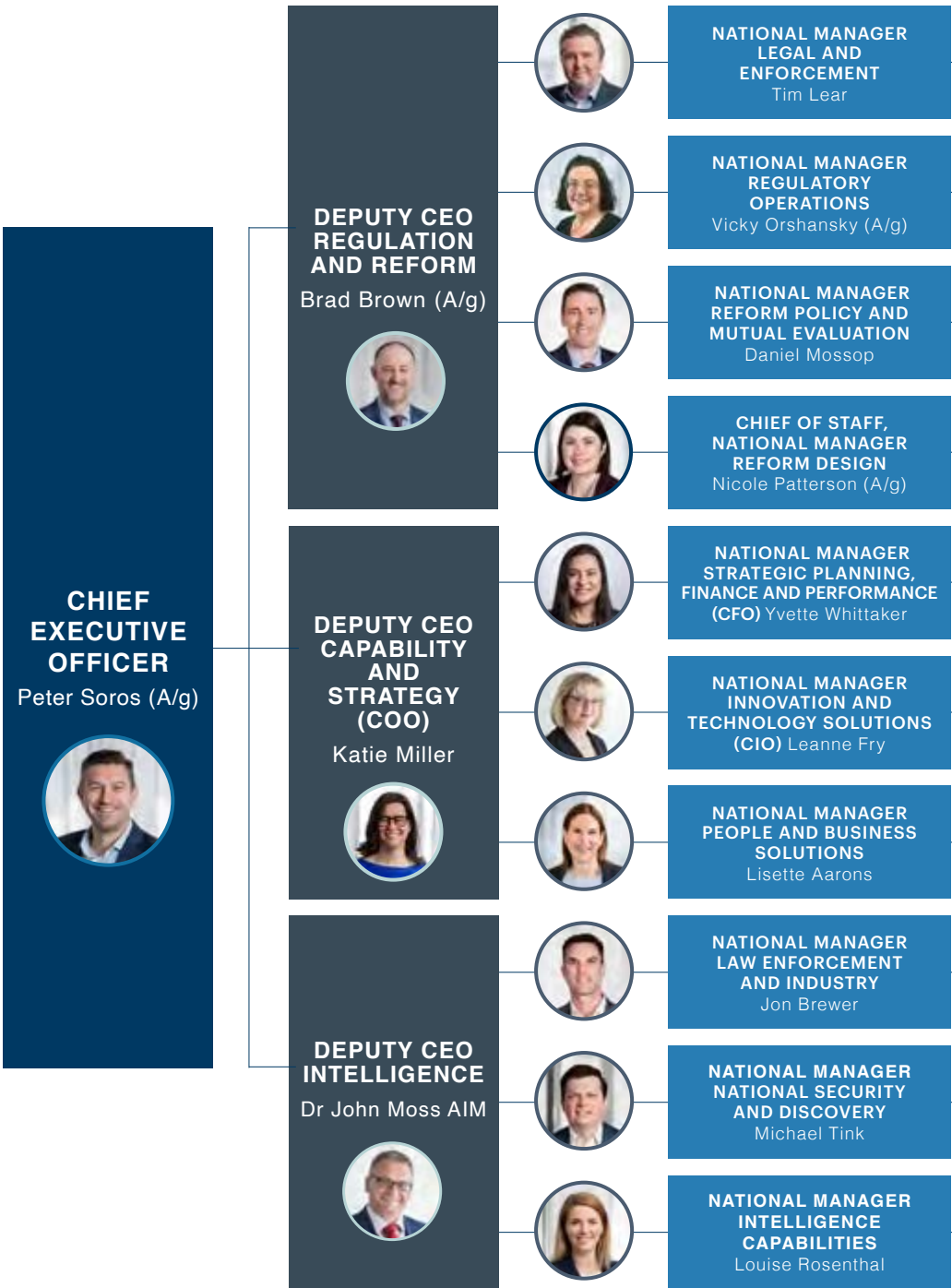
Managing and enhancing the value of the financial data we receive from industry and other partners is critical to achieving our mission. The complex and evolving threat environment requires us to search for new data sources and develop advanced tools to analyse and correlate high-volume information quickly.

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 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 ML/TF, 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.

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.

AUSTRAC ORGANISATIONAL STRUCTURE



Legal	Enforcement 1	Enforcement 2	Enforcement 3
Foreign Banks and Financial Services	Remittance and Virtual Assets	Domestic Banks Risk and Insights	Gambling and Bullion Strategy, Capability and Oversight
Rules, Exemptions and MOUs	Industry Education and Outreach	Policy	
Executive and Ministerial	Strategic Communications	Reform Design	
Financial Operations and External Reporting	Capability and Assurance	Planning and Performance	Budgets, Travel and Procurement
Technology Platform Solutions	Information and Knowledge Products	Information Security REST Program	Business Products Enterprise Analytics
Employee Experience (HR)	Integrity and Personnel Security	Workforce Intelligence and Talent	Physical Security, Facilities and Deployments
States and Territories	Serious Financial Crime	Fintel Alliance Operations	Task Forces
Discovery	National Security and Cyber	International Programs	
Governance, Engagement and Systems	Continuous Innovation and Enhancement	Strategic Assessments	Products Collection Capability

EXECUTIVE TEAM

Nicole Rose PSM served as accountable authority for AUSTRAC from 1 July 2022 to 16 June 2023. The executive team outlined below is at 30 June 2023.



Peter Soros, acting Chief Executive Officer

Peter commenced at AUSTRAC in June 2018 and commenced as acting CEO and accountable authority for AUSTRAC on 17 June 2023. In this role, Peter leads Australia's AML/CTF regulator and FIU.



Bradley Brown, acting Deputy CEO Regulation and Reform

Brad commenced in AUSTRAC in September 2004 and has led various intelligence, policy, project and regulatory functions. Brad is responsible for AUSTRAC's education, supervision and enforcement operations. Brad also has responsibility for AUSTRAC's legal, policy and communications functions.



Katie Miller, Deputy CEO Capability & Strategy (Chief Operating Officer)

Katie commenced with AUSTRAC in January 2021 as National Manager, Legal and Enforcement, and assumed the Chief Operating Officer position on 6 February 2023. Katie is responsible for AUSTRAC's corporate and enabling functions including technology, people and business solutions, security, strategic planning and financial management across the agency.



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 represents AUSTRAC on Fintel Alliance's Executive Board.

REGULATION AND REFORM



Tim Lear, National Manager, Legal and Enforcement (General Counsel)

Tim leads the Legal and Enforcement branch and is AUSTRAC's General Counsel. Tim is also responsible for functions involving the exercise of AUSTRAC's legislative powers and enforcement function, including overseeing AUSTRAC investigations and litigations. As General Counsel, Tim manages AUSTRAC's legal risk and in-house legal, freedom of information and privacy teams.



Victoria Orshansky, acting National Manager, Regulatory Operations

Vicky commenced in AUSTRAC in January 2005 as an intelligence analyst before leading various intelligence and regulatory functions. Vicky 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.



Daniel Mossop, National Manager, Reform Policy and Mutual Evaluation

Dan joined AUSTRAC in April 2022 to lead the Education, Communications and Capability branch. The branch focused on policy, systems capability, internal and external strategic communications, and educating reporting entities about their AML/CTF obligations to build their understanding of financial crime risks. In 2023 the branch was refocused and renamed the Reform Policy and Mutual Evaluation Branch. The branch is dedicated to supporting preparations for legislative reform and the upcoming mutual evaluation in 2025.



Nicole Patterson, acting National Manager, Reform Design (Chief of Staff)

Nicole leads the newly-established Reform Design branch, as well as serving as Chief of Staff to the AUSTRAC CEO. In May 2023 the Reform Design Branch was formed to undertake planning of AUSTRAC's resources and capabilities to implement proposed reforms. Nicole is also responsible for leading AUSTRAC's ministerial and strategic communications functions.

CAPABILITY AND STRATEGY



Yvette Whittaker, National Manager, Strategic Planning, Finance and Performance (Chief Finance Officer)

Yvette joined AUSTRAC in May 2023 and leads the Strategic Planning, Finance and Performance branch and is responsible for ensuring the effectiveness of AUSTRAC's financial, governance, performance and assurance frameworks.



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.



Lisette Aarons, National Manager, People and Business Solutions

Lisette joined AUSTRAC in July 2022 as National Manager, People and Business Solutions. Lisette is responsible for AUSTRAC's people and property-focused functions. This covers physical and personnel security and integrity, as well as all human resources functions including industrial relations, diversity and inclusion, safety wellbeing, talent acquisition, learning and development, and organisational development including workforce planning. Lisette has a key role in driving AUSTRAC's culture through workforce strategies and initiatives.

INTELLIGENCE



Jon Brewer, National Manager, Law Enforcement and Industry

Jon leads AUSTRAC's contribution to key intelligence and operational taskforces 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, disrupts ML/TF and other serious crime.



Michael Tink, National Manager, National Security and Discovery

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 South Pacific FIUs.



Louise Rosenthal, National Manager, Intelligence Capabilities

Louise has responsibility for intelligence coordination, including uplifting AUSTRAC's intelligence capability and governance arrangements. This incorporates Analyst WorkBench, AUSTRAC's data-sharing platform. Louise also 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.



26

OUR
PERFORMANCE

ANNUAL PERFORMANCE STATEMENTS 2022–23

Statement of preparation

I, Peter Soros, as AUSTRAC's accountable authority, present the 2022–23 annual performance statements for AUSTRAC as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act* (PGPA Act). These results are reported against the performance measures outlined in the AUSTRAC 2022–26 corporate plan and 2022–23 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 2023.



Peter Soros
Acting Chief Executive Officer
AUSTRAC

OVERVIEW OF PERFORMANCE FRAMEWORK




We measure our performance and demonstrate our achievements through 26 performance measures, mapped against 5 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

The Attorney-General issued a Ministerial Statement of Expectations (SOE) on 9 March 2023 as a notice of strategic direction to AUSTRAC. The SOE, together with AUSTRAC's answering Statement of Intent, can be found on our website.¹

In 2021, the Australian Government set out performance expectations for regulators, in which our regulatory performance is to be reported through existing performance reporting requirements instead of a standalone regulator performance framework self-assessment. AUSTRAC uses the following performance measures to report against the Government's 3 principles of regulator best practice.

Principles of regulator best practice		Measures	Page
	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 regulatory settings.	3.5	71
	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.	3.3	64
	3. Collaboration and engagement: regulators are transparent and responsive communicators, implementing regulations in a modern and collaborative way.	2.1 2.2 2.3 3.4	46 50 52 68

¹ austrac.gov.au/about-us/corporate-information-and-governance/reports-and-accountability/statement-expectations-and-statement-intent

Analysis of performance

In 2022–23 we continued to refine our performance framework and reporting methodology, and made a number of changes to our performance measures and targets. Throughout these statements we provide analysis of the factors that contributed to the outcome that was achieved and any other relevant disclosures and limitations to explain the results.

We successfully delivered outcomes across all 5 pillars and achieved 22 targets (85%), while 4 targets (15%) were not achieved. Our 2022–23 results are slightly lower than those in 2021–22 where 25 (96%) out of 26 measures were achieved. **Performance highlights include:**

- 85% of regulatory work undertaken was proactively identified and initiated by AUSTRAC (page 64).
- 84% of reporting entity respondents indicated our sector-based risk assessments had a moderate (or higher) influence on their risk mitigation attitudes or behaviours (page 81).
- Of those reporting entities who submitted their compliance report (CR) to AUSTRAC, 99.5% submitted their report before the due date. The CR enables AUSTRAC to identify and understand non-compliance within our regulated entities, and assist those who require capability uplift in compliance (page 62).
- 62% of our referrals to selected intelligence taskforces informed disruption activities, supported strategic direction of investigations and provided insights for our partner agencies (page 36).
- 100% of our externally funded international programs realised a capability uplift, with foreign financial intelligence unit program participants strengthening their understanding of money laundering and terrorism financing risks (page 78).
- 92.7% of respondents rated the impact of AUSTRAC's data available via our Analyst WorkBench as having an impact on their work (page 93).

The 4 measures that were not achieved are:

- Measure 2.1. Number of instances a published guidance product were accessed and downloaded from our website by individual external audience members and direct email recipients, within three months of publication, annually (page 46).
- 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 (page 52).
- 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 (page 68).
- Measure 5.1. Percentage of agency approved capability and transformation projects, closed during either the current financial year or the previous financial year, that realise their approved benefits, annually (page 94).

Summary of results

Table 1 provides a summary of the overall performance for 2022–23 where:


Achieved means AUSTRAC achieved the target for the relevant performance measure.



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







RESULTS LEGEND





	
Achieved	Not achieved


Table 1: Summary of results against our performance measures during 2022–23

Performance measure	Target	Result
 Discover		
1.1. Percentage of referrals to selected taskforces that generated an outcome, annually.	60-70%	 Achieved 62%
1.2. Percentage of intelligence products that identify a new theme, threat or insight where one or more partner agencies has confirmed the product has generated an outcome, which may include new understanding, for that partner, annually.	40% or greater	 Achieved 44%
1.3. Percentage of financial intelligence exchanges that are with prioritised foreign Financial Intelligence Units (FIUs), annually.	60-70%	 Achieved 68%
 Understand		
2.1. Number of instances a published guidance product were accessed and downloaded from our website by individual external audience members and direct email recipients, within three months of publication, annually.	Avg 969 downloads across all products published in the period	 Not Achieved 691
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.	72% or greater	 Achieved 72.5%

Performance measure	Target	Result
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.	72% or greater	 Not Achieved 67%
2.4. Number of sampled intelligence products that meet AUSTRAC's intelligence writing standards, annually.	80% or greater	 Achieved 83%
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.	70-85%	 Achieved 71%
 Strengthen		
3.1. Percentage of reporting entities who strengthened their AML/CTF controls after AUSTRAC engagement, annually.	67% or greater	 Achieved 71%
3.2. Percentage of reporting entities who submit their compliance reports on time, annually.	77% or greater	 Achieved 99.5%
3.3. Percentage of regulatory work proactively identified by AUSTRAC, annually.	50% or greater	 Achieved 85%
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.	72% or greater	 Not Achieved 67%

Performance measure	Target	Result
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.	72% or greater	 Achieved 78%
3.6. Percentage of exemptions and modifications granted, annually.	75% or greater	 Achieved 93%
3.7. Percentage of externally funded international capability development programs, completed during the current financial year, where the funder has confirmed the program served their purposes, annually.	100%	 Achieved 100%
3.8. Percentage of externally funded international development programs, completed during the current financial year, which realised a capability uplift, annually.	100%	 Achieved 100%
3.9. Percentage of reporting entities who advise our sector-based Risk Assessment product had a MODERATE (or higher) influence on their risk mitigation attitudes or behaviours, per product.	50% or greater	 Achieved 84%
3.10. Number of Fintel Alliance-coded suspicious matter reports (SMRs) received, annually.	5,455 or greater	 Achieved 8,433
3.11. Percentage of strategic analysis reports sanitised and repurposed for selective distribution to specific Reporting Entities, annually.	40-60%	 Achieved 43%
3.12. Percentage of the disbursed industry contribution levy that the levy collection process costs, annually.	<0.1%	 Achieved 0.056%

Performance measure	Target	Result
 Disrupt		
4.1. Sum of 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	 Achieved \$330 million total liabilities raised; at least \$139 million revenue recouped
4.2. Sum of Criminal Assets Confiscation Taskforce (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 (up to 2024)	 Achieved \$352 million in 2022-23; over \$940 million from 1 July 2019 to 30 June 2023
4.3. Percentage of stakeholders who rate the impact of AUSTRAC's financial intelligence to their work as having SOMEWHAT OF AN IMPACT (or higher), annually.	75% or greater	 Achieved 84%
4.4. Percentage of Analyst WorkBench (AWB) users who rate the impact of AUSTRAC's data available via AWB on their work as having SOMEWHAT OF AN IMPACT (or higher), annually.	60% or greater	 Achieved 92.7%

Performance measure	Target	Result
 Optimise		
5.1. Percentage of agency approved capability and transformation projects, closed during either the current financial year or the previous financial year, that realise their approved benefits, annually. ²	70% or greater	 Not Achieved 20%
5.2. Percentage of AUSTRAC staff who agree their workgroup has the appropriate skills, capabilities and knowledge to perform well, annually.	85% or greater	 Achieved 85%

² The way project benefits are assessed and calculated has led to a poor performance against the target. This should not be taken to mean that the projects themselves were considered to have failed, or not met their overall purpose and objectives.



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

Performance measure:

1.1. Percentage of referrals to selected taskforces that generated an outcome, annually.

Result

Target:

60–70%

Source:

AUSTRAC Corporate Plan 2022–26 p64;
Portfolio Budget Statements 2022–23,
Program 1.1. p250



Achieved
62%

Prior results

Not reported prior to 2022–23

AUSTRAC is an active member and contributor to national and state taskforces that focus on a range of matters including money laundering, terrorism financing, organised crime, child exploitation, drugs, fraud, corruption and tax evasion. When AUSTRAC detects transactions or patterns of behaviour in our data holdings that indicate criminal activity, we undertake analysis to develop an actionable intelligence product, such as an intelligence referral. We provide these referrals to our partners to inform their disruption activities. For the purpose of this measure outcome refers to a positive action taken by the stakeholder to progress their matter/purpose and may include, but is not limited to, pursuing an operational outcome, opening a new line of investigative inquiry or enabling a disruption option.

This measure demonstrates that AUSTRAC's financial intelligence (in this instance, referrals) provides value to selected taskforces by enabling them to undertake actions towards the disruption of crime and/or the protection of Australia. Intelligence is often about building a picture. It might take multiple referrals before an outcome is realised, and it is therefore unlikely that our referrals to outcomes ratio will reach 1:1 (i.e. 100%) and we have selected our target accordingly.

This is the first year we have used this measure, and we have limited our assessment of performance to the following selected taskforces to test our ability to accurately capture this information:

- Counter Foreign Interference Taskforce (CFITF)³
- Joint Threat Finance Taskforce (JTFFG)
- Money Laundering Taskforce (MLTF)
- Serious Financial Crime Taskforce (SFCT).

During 2022–23, AUSTRAC made a total of 220 referrals to the 4 taskforces in scope, of which 137 had generated an outcome at 30 June 2023 (62%). More information on outcomes generated from these referrals is found in Table 2.

Table 2: Outcomes generated from referrals to relevant taskforces in 2022–23

Taskforce	Purpose	Number of referrals	Outcomes generated
CFITF	As a contributing agency, AUSTRAC generates financial intelligence relating to espionage and foreign interference, in support of discovery, lead generation and operations.	35 out of 74 referrals generated operational outcomes.	AUSTRAC referrals to the CFITF generated new leads and fed into operational planning, response and disruption. AUSTRAC's products and advice also deepened the understanding of financial typologies related to foreign interference activity and how it exploits Australia's financial system.

³ This taskforce was incorrectly identified as the 'Counterintelligence taskforce' within our 2022–26 corporate plan. This has been updated in our 2023–27 corporate plan.

Table 2: Outcomes generated from referrals to relevant taskforces in 2022–23 cont.

Taskforce	Purpose	Number of referrals	Outcomes generated
JTFG	AUSTRAC analysts within the JTFG provides reactive financial intelligence support to Joint Counter-Terrorism Team (JCTT) requests for information (RFI) related to active investigations into terrorism financing and other national security-related crimes.	22 out of 22 referrals generated an outcome.	Referrals directly shaped the course of investigative lines of enquiry, identified new persons of interest (POIs), and identified likely offences. This resulted in charges to be laid against POIs as well as supporting decisions for resolution of investigations.
MLTF	The Australian Federal Police (AFP)-led MLTF harnesses the AFP, AUSTRAC, Australian Criminal Intelligence Commission (ACIC) and Australian Border Force (ABF) to unravel complex structures and methods criminals adopt to hide illicit money. AUSTRAC analysts seconded to the AFP on a full-time basis actively provide real time financial intelligence and proactive targeting opportunities in response to Taskforce Operations.	65 out of 65 referrals generated an outcome.	<p>Referrals directly shaped the strategic direction of MLTF investigations through financial analysis which identified previously unknown targets and generated new insights into methodologies used by money launderers.</p> <p>AUSTRAC's embedded analysts contributed extensively to the resolution of Operation AVARUS-MIDAS⁴ through financial intelligence analysing cryptocurrency wallet addresses used by the POIs.</p>

⁴ See measure 4.2 and Fintel Alliance section.

Table 2: Outcomes generated from referrals to relevant taskforces in 2022–23 cont.

Taskforce	Purpose	Number of referrals	Outcomes generated
MLTF cont.	cont.	cont.	<p>Analysts also provided:</p> <ul style="list-style-type: none"> • advanced analysis of emerging money laundering networks • insights into the use of cryptocurrency by transnational serious and organised crime groups • lead analysis for a number of police inquiries with domestic and international partner agencies in order to progress several high priority investigations.

Table 2: Outcomes generated from referrals to relevant taskforces in 2022–23 cont.

Taskforce	Purpose	Number of referrals	Outcomes generated
SFCT	The Australian Taxation Office (ATO)-led SFCT is Australia's multi-agency taskforce that identifies and addresses serious and complex financial crimes. AUSTRAC provides analysis, leads generation and financial intelligence expertise to generate actionable intelligence to taskforce members.	15 out of 59 referrals have led to reported operational outcomes. Remaining referrals are still under consideration by ATO.	<p>AUSTRAC referrals to the SFCT:</p> <ul style="list-style-type: none"> led to the proactive identification of several new potential offshore tax evasion leads in the Pacific supported 2 ACIC operations, which led to the generation of target profiling, project direction and ACIC products included one dissemination to the SFCT and the Joint Chiefs of Global Tax Enforcement (J5) which resulted in the ATO developing 4 intelligence packages for investigation covering 7 previously unidentified entities

Table 2: Outcomes generated from referrals to relevant taskforces in 2022–23 cont.

Taskforce	Purpose	Number of referrals	Outcomes generated
SFCT cont.	cont.	cont.	<p>AUSTRAC referrals to the SFCT:</p> <ul style="list-style-type: none"> identified previously unknown information leading to an international partner creating reviews/ audits relating to 69 entities of interest expanded the investigative scope relating to a POI's footprint in the UK and on-disclosure to relevant US tax authorities.

Further context

- We sampled a selected subset of taskforces for this measure that provides an indicative representation of the value of our referrals, however we recognise limiting this measure to selected taskforces means we may not be capturing or demonstrating the full span of our work.
- This measure only considers outcomes generated from referrals made in the same reporting period (it does not consider outcomes generated by referrals made in previous reporting periods). Noting that it can take a significant amount of time for operational outcomes to eventuate from referrals, it may be unlikely that at a large number of referrals made in one reporting period will have an operational outcome in that same reporting period.



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

Performance measure:

1.2. Percentage of intelligence products that identify a new theme, threat or insight where one or more partner agencies has confirmed the product has generated an outcome, which may include new understanding, for that partner, annually.

Result

Target:

40% or greater

Source:

AUSTRAC Corporate Plan 2022–26 p65;
Portfolio Budget Statements 2022–23,
Program 1.1. p251



Achieved
44%

Prior results

Not reported prior to 2022–23

AUSTRAC develops targeted intelligence products to contribute our specialist data and analytical expertise to enable domestic law enforcement and national security partners to investigate and prosecute serious criminal activity. We also provide intelligence products to international partners to assist with the global effort to counter serious crime.

For the purposes of this measure:

- new theme, threat or insight refers to those not previously identified and reported to partner agencies
- outcome as per measure 1.1.

During 2022–23, AUSTRAC identified a new theme, threat or insight in 55 of its intelligence products, of which 24 (44%), received feedback confirming the product generated an outcome for our partners. The top 3 partners AUSTRAC disseminated these products to were the AFP (37 products), the ACIC (35 products), and Office of National Intelligence (ONI) (28 products).

Specific examples include:

- An individual detected by AUSTRAC's money laundering financial profiles was assessed to have links to alleged members of a transnational criminal organisation through partial property ownership and joint control of its bank account. The report was shared with a law enforcement agency (LEA) who noted that it identified previously unknown information and links that related to a theme of operational interest. The LEA partner also stated: 'This product corroborates current ... intelligence and identifies strong new opportunities for targeting of persons of interest particularly in relation to unexplained wealth, money laundering, proceeds of crime and tax evasion. The transnational aspect of the movement of money... is also of significant interest.'
- AUSTRAC analysis uncovered a new methodology used to purchase child sexual exploitation material via a publicly available app. The app allows customers to transfer funds via a linked Australian issued debit card, instantly, to other users registered with the app, but the identity of users is concealed under userIDs. Following AUSTRAC reporting, Queensland Police Service (QPS) and the Australian Centre to Counter Child Exploitation (ACCCE) initiated an investigation into this methodology and high-risk networks/individuals that are using the app to purchase and sell child sexual exploitation material.
- Fintel Alliance produced financial crime guides covering trade-based money laundering and child exploitation that were published on AUSTRAC's website, as well as a threat alert on non-fungible tokens (NFT) that was sent to all Digital Currency Exchanges (DCEs) as well as key partners. Feedback has included partners referencing or promoting the products, including the Financial Action Taskforce (FATF) referencing points in their Money Laundering and Terrorist Financing Associated with Arts, Antiquities and other Cultural Objects report.
- AUSTRAC analysed SMR data linked to tax practitioners over a 12 month period to identify any instances of suspicious financial activity reported by AUSTRAC's regulated population. The report surfaced a number of individuals associated with structured cash withdrawals, cash deposits followed by outgoing international transfers, unusual gaming activity, and associations with known organised crime figures. The Tax Practitioners Board (TPB) observed that AUSTRAC's report identified previously unknown information and links, and initiated further internal intelligence assessments. TPB also stated, 'The product is an excellent start to expanding our understanding of the intelligence available to the Commonwealth on potential financial mischiefs, and assists us in drawing a more holistic picture for risk assessment purposes'.
- AUSTRAC analysis of funds flows between Australia and Pacific Island Nations revealed the identity of an encrypted online persona. AUSTRAC produced a series of reports that identified instances of payments made to and from persons of interest and specific sectors of interest.

Further context

- Our results are reliant on partners' willingness to participate and provide feedback.
- Using this measure over the past 12 months we have identified that our measurement methodology does not allow us to capture all outcomes relating to new insight products that were recently disseminated. We have refined our methodology for 2023–24 to more accurately identify this information.



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

Performance measure:

1.3. Percentage of financial intelligence exchanges that are with prioritised foreign Financial Intelligence Units (FIUs), annually.

Result

Target:

60–70%

Source:

AUSTRAC Corporate Plan 2022–26 p66;
Portfolio Budget Statements 2022–23,
Program 1.1. p251



Achieved
68%

Prior results

Not reported prior to 2022-23

As Australia's FIU, AUSTRAC embraces collaboration with prioritised foreign FIUs to respond to the global nature of the ML/TF risks and threats. We exchange information and intelligence with these foreign FIUs and leverage international experience to inform emerging trends and issues. Financial intelligence exchanges refer to incoming and outgoing requests and/or spontaneous disclosures of financial intelligence or information.

AUSTRAC’s prioritised foreign FIUs consists of:

- Five Eyes partners consisting of our primary intelligence allies—Canada, United Kingdom (UK), New Zealand (NZ) and the United States of America (USA).
- The Financial Intelligence Consultative Group (FICG)—Association of South East Asian Nations (ASEAN) FIUs— Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar,⁵ the Philippines, Singapore, Thailand and Vietnam.
- Pacific Financial Intelligence Community (PFIC)⁶ —Pacific FIUs—Fiji, Nauru, Papua New Guinea (PNG), Vanuatu, Samoa, Tonga, Solomon Islands, Cook Islands, Kiribati, Niue, Marshall Islands, Tuvalu and Palau.
- People’s Republic of China⁷ including Hong Kong Special Administrative Region (SAR) and Macao SAR.

During 2022–23, we conducted 957 financial intelligence exchanges with 90 foreign FIUs, of which 654 (68%) were with prioritised foreign FIUs.

Table 3: Top 5 exchanges with prioritised FIUs by volume

FIU	No. exchanges (2022–23)	No. exchanges (2021–22)
UK	172	217
USA	124	129
NZ	82	109
Canada	71	59
Singapore	34	33

We continue to have the greatest number of exchanges with our Five Eyes partners, following historical trends. Exchanges made during 2022–23 covered a range of matters within AUSTRAC’s intelligence priorities including ML/TF risks, child exploitation and people smuggling, illicit drugs, fraud including scams and environmental and cybercrime.

Further context
Nil.

⁵ In line with the Australian Government’s position, AUSTRAC invites Myanmar to attend the FICG noting its status as an ASEAN member - however, we do not deliver any capacity building for officials from Myanmar.

⁶ PFIC was founded and created by AUSTRAC for South Pacific FIUs and now has a total of 15 members (including AUSTRAC and NZ). The PFIC promotes and encourages multilateral and bilateral collaboration across the region on issues of mutual priority relating to ML/TF risks.

⁷ In consultation with DFAT and other government agencies under whole of government engagement.



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



COLLABORATION AND ENGAGEMENT

Performance measure:

2.1. Number of instances published guidance products were accessed and downloaded from our website by individual external audience members and direct email recipients, within three months of publication, annually.

Result

Target:

Avg 969 downloads across all products published in the period

Source:

AUSTRAC Corporate Plan 2022–26 p67; Portfolio Budget Statements 2022–23, Program 1.1. p251



Not Achieved
Avg 691 downloads

Prior results

2021–22: Achieved – 1,116 downloads (target – avg 950 downloads)
Not reported prior to 2021–22

During 2022–23, AUSTRAC published 10 downloadable guidance products with an average of 691 downloads within 3 months of publication, and an average of 995 downloads for the whole financial year. This is a reduction from our 2021–22 results, and this performance target was not achieved. Our target for this measure was baselined on our 2021–22 results in which we developed products for a wider audience and therefore had a higher number of downloads. In 2022–23, the majority of the products AUSTRAC published were developed for specific industry sectors, rather than being aimed broadly for the 17,000 reporting entities. Tailoring our products to maximise their impact in higher risk areas this year has resulted in a lower number of downloads overall due to the smaller, more targeted, external audience. Despite the lower than expected number of downloads, newly published web-based advice and guidance had an average of 2,140 unique views for 2022–23 as a whole.

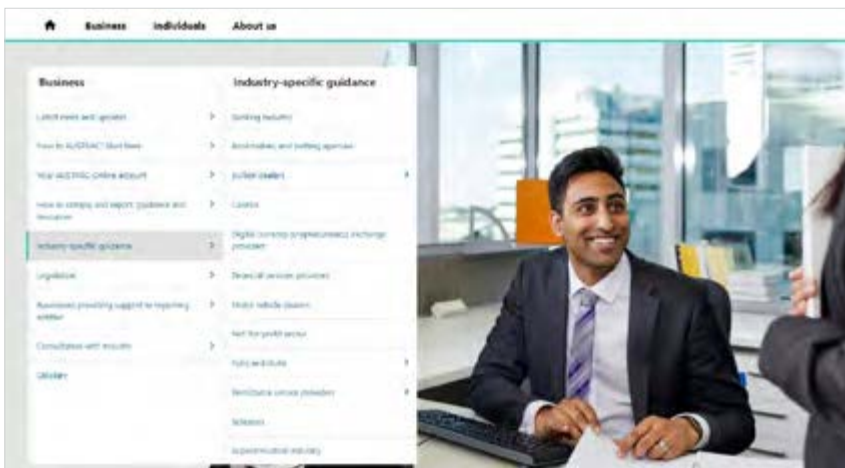
AUSTRAC tailors guidance to stakeholder requirements to provide a clear interpretation of the AML/CTF Act and Rules and collaborates on current draft guidance and future guidance priorities with key industry associations. We often include guiding questions, note good and bad practices and use worked examples within our guidance to clarify reporting entity obligations. Our internal Advice and Guidance Working Group (AGWG) enables a cohesive AUSTRAC approach to the development of education and guidance. The AGWG includes representatives from across the organisation and identifies, prioritises and coordinates education and guidance development in line with AUSTRAC's Advice and Guidance Content Model.

Published downloadable guidance products during the period include sector-based risk assessments aimed at bullion dealers, the remittance sector and the superannuation sector (see measure 3.9,) as well as AML/CTF guidance for pubs and clubs (see measure 3.3.). For more information on web-based guidance materials see measure 2.3.

We continued to develop campaigns that leveraged the appropriate channels to inform and engage our target audiences. We also used our communication channels to support supervisory regulatory activities.⁸ AUSTRAC launched an enhanced website on 26 June 2023 which draws upon user experience best practice to provide improved access and visibility of guidance materials to AUSTRAC's industry stakeholders. The improved structure and focus on accessibility helps reporting entities find relevant, clear and concise guidance and information.

Previously, industry specific guidance was located deeper in the website menu structure and led users to a filtered search page, rather than providing tailored guidance, resources and news.

Figure 1: Industry specific navigation on previous AUSTRAC website



⁸ See measure 3.3.

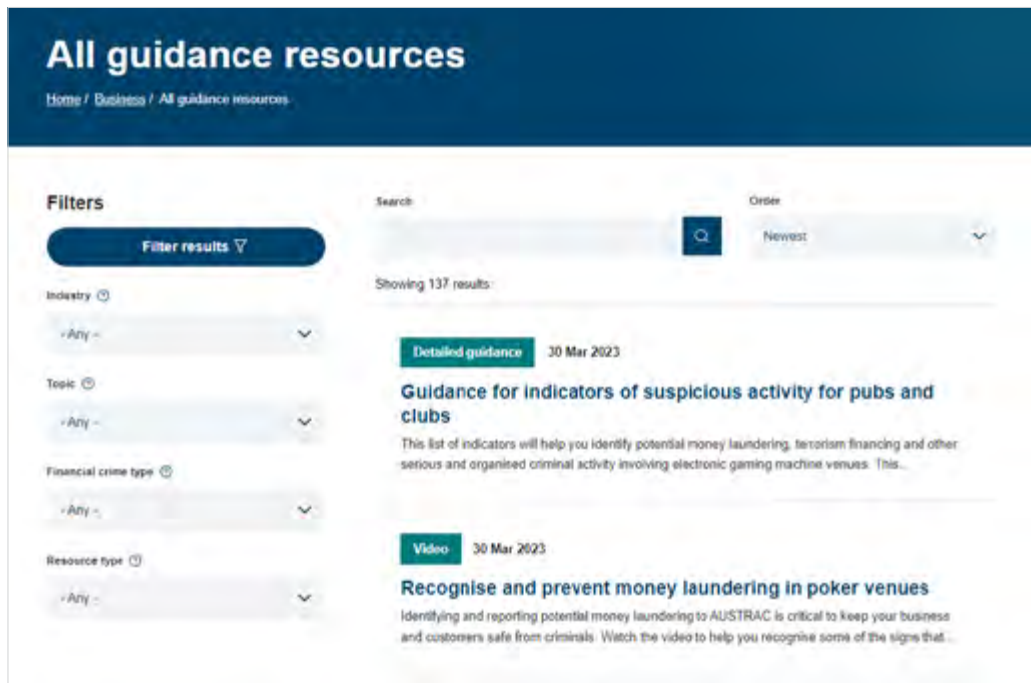
The updated website now makes it easier for users to find information that is relevant to them. The industry specific landing pages are available on the homepage and leads users to tailored landing pages with guidance, resources and news relevant to their needs.

Figure 2: Industry specific navigation on updated AUSTRAC website



The updated website also provides simplified navigation and a new area where all guidance resources can be found with improved search filters, including the ability to search by industry or financial crime type.

Figure 3: Improved All guidance resources page on updated AUSTRAC website



Further context

- Education and guidance campaigns undertaken by AUSTRAC are targeted at our reporting entities, or a particular sector or sub-set of our entities. We use Google Analytics to analyse the number of website users who are accessing and downloading our products, however we cannot determine what proportion of downloads come from our intended audience.
- The strict focus of this measure on downloaded or accessed PDF content, whilst allowing for robust measurement, means guidance published as web-based (rather than PDF) content is not captured. In our experience, webpages can receive far higher views than PDF content.
- To improve future guidance products and campaigns, we consider feedback from multiple sources such as user feedback provided through the AUSTRAC website and specific verbal and written feedback from reporting entities.



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



COLLABORATION AND ENGAGEMENT

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:

72% or greater

Source:

AUSTRAC Corporate Plan 2022–26 p68;
Portfolio Budget Statements 2022–23,
Program 1.1. p251



Achieved
72.5%

Prior results

2021–22: Achieved – 86% (target 70%)
Not reported prior to 2021–22

AUSTRAC delivered 23 interactive virtual workshops to approximately 600 newly enrolled/registered reporting entities (with some attending multiple workshops) during 2022–23 as part of our reporting entity induction program. This program is designed for reporting entities who have recently enrolled or registered with AUSTRAC to improve their understanding of their AML/CTF obligations. The induction program consists of 3 workshops covering AML/CTF fundamentals, risk assessments and quality reporting. During 2022–23 AUSTRAC professionally recorded these workshops as part of a live webinar format to create efficiencies in resourcing and provide more consistent messaging to participants.

AUSTRAC also released 4 e-learning modules this financial year ranging from introductory information on AML/CTF obligations to more complex issues such as enhanced customer due diligence and suspicious matter reporting. This completes our suite of 8 modules available for recently enrolled reporting entities complementing the induction program. These modules can be found on AUSTRAC's website.⁹

⁹ austrac.gov.au/business/new-to-austrac/e-learning

Surveys issued as part of the workshops and e-learning modules were used to determine if a participant's understanding of their AML/CTF obligations had improved¹⁰ based on a 6 point scale.¹¹ Of the survey respondents, 72.5% reported a MODERATE or higher improvement in their understanding of AML/CTF obligations as a result. Respondent feedback for the workshops was largely positive, with participants praising the content and interactive nature of the webinars and indicating that they are a useful introduction to reporting obligations. When the e-learning modules were launched to all reporting entities, initial feedback was not as positive as anticipated. We believe this is largely due to users not realising they are designed for those new to AML/CTF. To manage user expectations, we have added more information on the landing page clarifying the intended audience.

Table 4: Percentage of respondents reporting MODERATE or higher for AUSTRAC's event/workshops and e-learning

Content	No. of respondents reporting MODERATE (or higher)	Total no. of respondents	%
Events/Workshops	147	199	73.9%
E-learning	570	790	72.2%
Total	717	989	72.5%

Further context

- AUSTRAC results are dependent on the willingness of attendees to complete the surveys.

¹⁰ One module does not offer a survey as it does not relate to AML/CTF obligations

¹¹ 1=No improvement, 2=Low improvement, 3=Slight improvement, 4=Moderate improvement, 5=Significant improvement, 6=Extreme improvement



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



COLLABORATION AND ENGAGEMENT

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:

72% or greater

Source:

AUSTRAC Corporate Plan 2022–26 p69;
Portfolio Budget Statements 2022–23,
Program 1.1. p251



Not Achieved
67%

Prior results

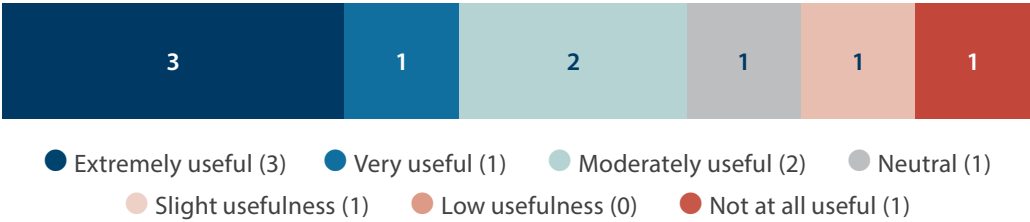
2021–22: Achieved 100% (target, 70%)
Not reported prior to 2021–22

AUSTRAC publishes guidance materials for our reporting entities to build their understanding of their AML/CTF obligations, and to enable them to manage threats, risks and vulnerabilities impacting the financial system. Technical guidance materials published during 2022–23 include:

- Financial services for customers that financial institutions assess to be higher risk (addressing the issue of de-banking)
- Employee due diligence
- Employee AML/CTF risk awareness training
- Source of funds and source of wealth
- Assisting customers who don't have standard forms of identification.

In 2022–23, AUSTRAC employed our annual external agency performance survey to obtain data for this measure. We surveyed 33 industry association participants representing our reporting entities, with multiple contacts identified at some associations. Overall, 9 responses were received. 67% of respondents to the survey assessed the usefulness of AUSTRAC’s guidance materials to be MODERATELY useful or higher, compared to 100% in 2021–22. As our result is below our target of 72% or greater, we have assessed this measure as not achieved.

Figure 4: Usefulness of AUSTRAC’s guidance materials (number of respondents)



One respondent rated AUSTRAC’s guidance as ‘not at all useful’ and commented that more prescription in guidance was needed. We emphasise within our published guidance and to reporting entities that our guidance should be adopted on a risk basis. That is, it is up to reporting entities to apply guidance to their own unique circumstances as reasonably practicable and therefore guidance cannot be prescriptive for every designated service, industry or circumstance. AUSTRAC will continue to regularly consult and incorporate industry feedback to improve the utility of guidance.

ASSISTING CUSTOMERS WHO DON'T HAVE STANDARD FORMS OF IDENTIFICATION

AUSTRAC is committed to supporting financial inclusion and is working with financial institutions to balance due diligence with a flexible and compassionate approach to requirements for customers to provide identity documents to access their services. In December 2022, AUSTRAC published updated guidance on our website on 'Assisting customers who don't have standard forms of identification' to help superannuation funds and banks to use a flexible approach to customer identification processes to support people from diverse backgrounds and in challenging circumstances access the financial services they need.

Under the AML/CTF Act, if a customer cannot produce standard identification documents, banks and other regulated businesses can use alternative ways to verify their customer's identity. Our guidance assists our reporting entities to adopt a risk-based approach to customer identification for customers who they assess pose a lower ML/TF risk to ensure temporary or systemic barriers do not prevent community members from gaining access to financial services. The guidance update included additional examples of which customers may require a flexible approach, alternative identification options that are reliable and independent and examples of a flexible approach in action.

AUSTRAC consulted with a broad range of industry groups, including the Australian Banking Association (ABA), the Australian Institute of Superannuation Trustees and many community organisations to update this guidance. From December 2022 to 30 June 2023, the guidance has received 15,128 unique page views, with user feedback largely positive. 82% of feedback survey responses identified that the guidance was useful. Feedback also noted that the inclusion of practical examples made the guidance particularly helpful. AUSTRAC will continue to identify opportunities to promote financial inclusion in accordance with legislative obligations.

Further context

- Our results are dependent on the willingness of participants to complete the survey. All attempts were made to maximise participation including extending the survey closure date, issuing reminders, and directly contacting participants.
- The number of participants in the survey represents a small sample size of the overall regulated community.



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

Performance measure:

2.4. Number of sampled intelligence products that meet AUSTRAC's intelligence writing standards, annually.

Result

Target:

80% or greater

Source:

AUSTRAC Corporate Plan 2022–26 p70;
Portfolio Budget Statements 2022–23,
Program 1.1. p251



Achieved
83%

Prior results

Not reported prior to 2022–23

To ensure that our disseminated intelligence products are of high quality and are fit-for-purpose, AUSTRAC has developed and implemented 8 analytic writing standards. Assessing our products against these standards enables us to quantitatively understand if our products are meeting our expectations, identify ways in which our products can be improved, and inform further guidance and training for our intelligence analysts.

Table 5: AUSTRAC's 8 intelligence product analytic writing standards

Standard	Criteria
Accurate	<ul style="list-style-type: none"> • Content presented as fact must be known to be true • Abbreviations, conventions and spelling should be consistent and correct
Assessment-rich	<ul style="list-style-type: none"> • Assessments take prominence • Assessments must add value to the available information • Assessments do not have to be based on conclusive evidence – they should be based on available information and analytic tradecraft and expertise
Clear	<ul style="list-style-type: none"> • Reports must have no ambiguity • Assumed knowledge and jargon should be limited carefully • Use precise, plain English with correct grammar, in accordance with style instructions
Coherent	<ul style="list-style-type: none"> • Present assessments and information in a logical and orderly way • Use simple, logical headings to structure the product and guide the reader
Concise	<ul style="list-style-type: none"> • Provide sufficient intelligence with enough detail to support assessments • Use simple, logical headings to structure the product and guide the reader • Use graphics to limit the amount of text in the product
Defensible	<ul style="list-style-type: none"> • All elements of the product should be defensible • Be prepared and able to reasonably argue that assessments are justified
Relevant	<ul style="list-style-type: none"> • Understand what the customer needs to know and use the product to address it • Avoid including irrelevant information

Standard	Criteria
Timely	<ul style="list-style-type: none"> Understand the environmental factors that affect the timeline and plan accordingly Allow adequate time for your product to be reviewed, approved and disseminated

Seventy-seven intelligence products were sampled and assessed by 2 reviewers – one reviewer from within the Intelligence Products team and one reviewer from the broader Intelligence division. Of the 77 products assessed, 64 (83%) were assessed to have met at least 7 standards and 41 (53%) met all 8 standards. We take products having met at least 7 standards as the minimum for compliance against this measure. The sample consisted of each type of our suite of intelligence products disseminated, ranging from more complex tactical intelligence reports to information reports which provide limited analysis and assessment. Sampled products were found to be mostly assessment-rich, clear, coherent, defensible and relevant. Areas for future improvement focus on balancing conciseness of intelligence products with sufficient detail to support assessments.

In May 2023, AUSTRAC developed and implemented focused training sessions for analysts regarding the standards. We anticipate as analysts become more familiar with the criteria and application of best practice writing standards, we will see improvements in the quality of our intelligence products and impact for our stakeholders.

Further context

- There may be subjective assessment and bias by the assessor. To alleviate this bias, 2 reviewers were used to review each product in the sample to determine whether it met the standards.
- This is the first reporting period we have used this measure, however after using this measure over the last 12 months, we assessed that this measure does not directly contribute to AUSTRAC's strategic purpose and impact. This measure has been retired from our 2023–27 corporate plan, with effect from 2023–24.



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:

70-85%

Source:

AUSTRAC Corporate Plan 2022–26 p70;
Portfolio Budget Statements 2022–23,
Program 1.1. p251



Achieved
71%

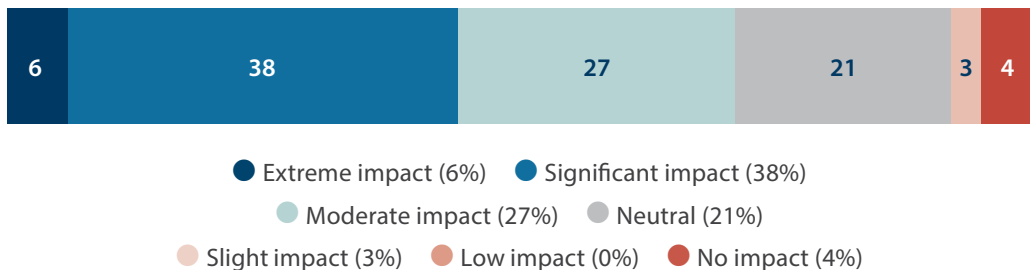
Prior results

2021–22: Achieved – 80% (target, establish a baseline)
Not reported prior to 2021–22

AUSTRAC disseminates intelligence products to our domestic and international partners on a wide variety of topics. In 2022–23 AUSTRAC employed our annual external agency performance survey to assess the impact of these intelligence products and surveyed 80 partners, consisting of 39 domestic and 41 international partners (72 partners; 30 domestic, 42 international in 2021–22). 57 stakeholders completed the survey, consisting of 20 domestic and 37 international respondents (56 participants; 28 domestic, 28 international in 2021–22).

71% of respondents reported AUSTRAC's intelligence products had a MODERATE or higher level impact on their understanding of vulnerabilities in the financial system. This is a decrease on the result from 2021–22 (80%), however as noted in 'AUSTRAC's agency performance survey 2022–23' section, there was a change in distribution methodology this year, impacting direct comparability of data between reporting periods. 27% of respondents provided a rating of neutral or lower, however did not provide qualitative feedback on what AUSTRAC would need to do differently for them to give a higher rating.

Figure 5: Impact of AUSTRAC's intelligence products (%)



Overall feedback from respondents was largely positive:

- 91% of respondents were 'satisfied' or 'very satisfied' with AUSTRAC's role as a provider of specialist financial intelligence. Respondent feedback suggest this is driven by the high quality of data provided by AUSTRAC and the timely responses to queries.
- 77% of respondents find information from AUSTRAC's FIU 'extremely' or 'very' useful.

In 2022–23, AUSTRAC instituted a new centralised dissemination process for intelligence products. As part of this process, a feedback form is included alongside each product requesting feedback from the recipient. Feedback was recorded against 79 individual products (18%) and indicated that AUSTRAC's products provided new and unique insights and assisted stakeholders with ongoing investigations, identifying targets, understanding networks and implementing disruption activities.

Further context

- Our results are dependent on the willingness of participants to complete the survey. All attempts were made to maximise participation including extending the survey closure date as well as issuing reminders to participants.



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:

67% or greater

Source:

AUSTRAC Corporate Plan 2022–26 p71;
Portfolio Budget Statements 2022–23,
Program 1.1. p251



Achieved
71%

Prior results

2021–22: Achieved – 73.9% (target, 65%)
Not reported prior to 2021–22

The annual compliance report (CR) is an important tool for AUSTRAC to understand compliance trends across reporting entities. The CR consists of a questionnaire, exploring the entity's compliance with AML/CTF obligations. It covers reporting entities' business activities for the previous reporting period and is required under the AML/CTF Act. Information provided through the CR is used to identify anomalies in responses, generate alerts where answers indicate non-compliance and an overall risk rating is calculated for each submitted compliance report based on any anomalies identified. Not only does the data support compliance uplift for individual entities, it provides AUSTRAC with a strategic view of compliance across the regulated population.

The 2022 Compliance Report (CR 2022) process commenced in January 2023 with lodgements from reporting entities received between January and March 2023. AUSTRAC communicates to reporting entities prior to, and during the compliance report period to encourage responses. To improve the accuracy of the data and strengthen AUSTRAC's understanding of the reporting population, some questions in the CR 2022 were adjusted. For 2022, new questions were introduced asking reporting entities whether they provided designated services in 2022 and whether they plan to continue providing services. Industry specific questions were also included to ask DCE providers about their operating models, products and reporting volumes. Additional response options were provided in the questions asking about AUSTRAC feedback and guidance, which resulted in an increase in the number of entities responding to these questions.

In 2022–23, 71% of reporting entities completing the report indicated that they had strengthened their AML/CTF controls after AUSTRAC engagement, exceeding our target of 67% or greater and a small decrease on our result from 2021–22. We continue to focus on improving lodgement rates and determining the impact of AUSTRAC engagement as a part of future CR cycles.

Table 6: Reporting entities strengthening AML/CTF controls after AUSTRAC's engagement

Year	No. of REs that select answer other than NO ACTION REQUIRED	REs who reported receiving feedback or guidance from AUSTRAC	%
CR 2022	3,611	5,085 ¹²	71.0%
CR 2021	2,121	2,871	73.9%
CR 2020	1,478	2,019	73.2%

Table 7: Changes in Reporting Entities behaviour reported in annual CRs

Strengthen REs Compliance	CR 2022	CR 2021	CR 2020
REs who advised they have a transaction monitoring program (TMP) in place	90.1%	91.1%	89.7%
REs who advised they identified a suspicious transaction that required further review	37.0%	33.4%	22.7%
REs who advised they have undertaken politically exposed persons (PEP) checks	76.5%	79.7%	61.0%
REs who advised they have undertaken enhanced customer due diligence (ECDD)	72.3%	71.6%	55.8%

¹² The CR 2022 contained additional response options relating to methods of engagement with AUSTRAC resulting in an increased number of REs reporting they had received and acted in response to feedback or guidance from AUSTRAC.

We use a risk-based approach for responding to entities who have provided responses in the CR suggesting potential non-compliance with their obligations under the AML/CTF Act. We also use the results to target and tailor educative/outreach activities and supervisory campaigns,¹³ with one undertaken in 2022–23 targeting reporting entities who have not been lodging their CR but have an obligation to do so.

CR 2022 NON-LODGEEMENT CAMPAIGN

While AUSTRAC’s regulated population is aware of and understands the requirement to lodge the CR on an annual basis, non-lodgement rates have remained largely static over the last 3 years (between 18 to 25%). From April to June 2023, AUSTRAC undertook a non-lodgement campaign to identify reporting entities who had a requirement to lodge the CR 2022 but did not do so. AUSTRAC issued warning letters to 267 reporting entities that did not lodge the CR 2022 and for whom it was a first time breach. The aim of the enforcement engagement is to create ‘general deterrence’ amongst AUSTRAC’s regulated population and to increase the number of CRs submitted during the lodgement period in subsequent years (evidenced by results in measure 3.2.).

Further context
Nil.

<div> STRENGTHEN - AUSTRAC ensures criminal risks within Australia’s financial system are identified, mitigated and managed effectively.</div>		
Performance measure: 3.2. Percentage of reporting entities who submit their compliance reports on time, annually.		Result
Target: 77% or greater	Source: AUSTRAC Corporate Plan 2022–26 p72; Portfolio Budget Statements 2022–23, Program 1.1. p251	 Achieved 99.5%

13 See measure 3.3.

Prior results

2021–22: Achieved – 98.7% (target, 75%)
 Not reported prior to 2021–22

As outlined in measure 3.1., AUSTRAC's regulated reporting entities are required to submit a CR from 1 January to 31 March each year with communications occurring with reporting entities prior to and throughout the CR period. Submitting timely CRs demonstrates reporting entities' awareness and commitment to their AML/CTF obligations. The CR enables AUSTRAC to identify and understand non-compliance within our regulated entities, and assist those who require capability uplift in compliance. Reporting entities who are required to submit a CR and fail to do so by the lodgement deadline of 31 March may be subject to enforcement actions by AUSTRAC. Of the 7,820 reporting entities who completed the CR 2022, 7,780 (99.5%) submitted their report before the due date, an increase on our 2021–22 results and exceeding our target.

Table 8: Submission of compliance reports before due dates over the past 3 years

Year	Reporting Entities who submitted their CR before the due date	Reporting entities who completed their CR	% of REs submitting CRs on time
CR 2022	7,780	7,820	99.5%
CR 2021	7,080	7,175	98.7%
CR 2020	6,751	6,840	98.7%

During 2022, AUSTRAC undertook a CR serious non-compliance campaign to improve compliance rates. The campaign involved 3 phases conducted between April and September 2022. AUSTRAC engaged with approximately 300 reporting entities over the course of the campaign, of which approximately 44% were able to demonstrate that their responses were provided in error or otherwise not non-compliant. We also provided detailed advice and feedback to 168 reporting entities who were identified as being non-compliant or potentially non-compliant with their AML/CTF obligations. In the final phase of the campaign approximately 100 reporting entities were surveyed to assess the relevancy of the information provided. 59 reporting entities responded to this questionnaire with 34 reporting entities (58%) indicating the feedback provided was relevant and they had updated their AML/CTF programs and procedures as a result.

Further context

Nil.



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



RISK BASED AND DATA DRIVEN

Performance measure:

3.3. Percentage of regulatory work proactively identified by AUSTRAC, annually.

Result

Target:

50% or greater

Source:

AUSTRAC Corporate Plan 2022–26 p72;
Portfolio Budget Statements 2022–23,
Program 1.1. p251



Achieved
85%

Prior results

Not reported prior to 2022-23

AUSTRAC uses a variety of regulatory tools and powers tailored to the level of risk posed by the entities we regulate and their circumstances. These range from education and collaboration through to regulatory interventions and enforcement.

During 2022–23, 85% of regulatory work conducted was proactively identified and initiated by AUSTRAC. The language of this measure was changed from 2021–22 to more accurately represent the intent of the measure – demonstrating the amount of regulatory work undertaken proactively based on instances of non-compliance identified by AUSTRAC, as opposed to regulatory work undertaken reactively following entities voluntarily disclosing instances of non-compliance.

For the purposes of this measure, regulatory work includes supervisory matters (including triage matters, reviewable registration decisions and supervision matters) and enforcement investigations.

- Triage matters—potential or actual non-compliance identified and triaged by AUSTRAC
- Reviewable registration decisions—cancellation, suspension or refusal of registration, or registration with conditions imposed for remittance service providers and DCE providers, made by the AUSTRAC CEO
- Supervision matters—campaigns and assessments to determine compliance under the AML/CTF Act
- Enforcement investigations—investigations into alleged contraventions of the AML/CTF Act.

AUSTRAC's regulatory operations use a targeting and prioritisation (TAP) model to support our risk-based approach to regulation.¹⁴ In 2022–23, the TAP model was enhanced to improve AUSTRAC's understanding of compliance risk across the regulated population. It considers 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.

Table 9: Regulatory work proactively identified by AUSTRAC

Regulatory work	Proactively identified by AUSTRAC	Self-disclosed by reporting entity	Total	% proactive
Supervisory matters	1,278	140	1,418	90.1%
Enforcement investigations	4	1	5	80%
% proactively identified work = Mean (% proactive supervisory + % proactive enforcement)*				85%

*Mean is used to determine the result for this measure to provide equal weighting to both supervisory matters and enforcement investigations.

¹⁴ In accordance with the second principle of regulator best practice – risk based and data driven.

UN-ENROLLED PUBS AND CLUBS CAMPAIGN

From March 2023 to July 2023, AUSTRAC conducted a campaign involving 194 pubs and clubs licensed to operate electronic gaming machines (EGMs) by the Queensland Office of Liquor and Gaming Regulation (OLGR) which could not be linked to an AUSTRAC reporting entity enrolment. Of the 194 entities, there were 65 venues that were licensed to operate 16 or more EGMs. Entities that have less than 15 EGMs have limited AML/CTF obligations, such as the requirement to lodge SMRs, whereas entities with 16 or more EGMS have additional AML/CTF obligations such as the requirement to have an AML/CTF program and to lodge annual compliance reports.

The aim of this campaign was to engage with these entities to confirm their enrolment status, delivery of designated services, and where required, enrol them with AUSTRAC. The scope was limited to enrolment and providing guidance materials, and did not include capability uplift of newly enrolled businesses. AUSTRAC worked with OLGR and industry representative bodies to maximise the effectiveness of the campaign and achieved an outcome rate of 78%, as follows:

- 115 entities enrolled with AUSTRAC, including 54 entities with 16 or more EGM entitlements.
- 38 entities were not required to be enrolled despite holding an EGM entitlement. The reasons include: not commencing offering designated services, not having operational EGMs, or the entity no longer trading (for example it may have permanently closed during the COVID-19 pandemic or suspended EGM entitlements).

There are currently 41 entities that are not enrolled. Of these, 20 entities are currently working with AUSTRAC to enrol as they have not been able to enrol due to technical issues, or have expressed their willingness to enrol following some recent staff or ownership changes.

CIVIL PENALTY PROCEEDINGS

- On 30 November 2022, AUSTRAC instituted civil penalty proceedings against The Star Pty Limited and The Star Entertainment Qld Limited. This action follows proactive AUSTRAC compliance work within the casino sector which led to the investigation.
- On 7 December 2022, AUSTRAC instituted civil penalty proceedings against SkyCity Adelaide Pty Ltd. This action follows proactive AUSTRAC compliance work within the casino sector which led to the investigation. Enforcement identified serious and systemic non-compliance by SkyCity with its AML/CTF obligations. The proceedings against the Star are currently before the Federal Court and have the potential for a civil penalty order to be made.
- The Crown Melbourne and Crown Perth civil penalty proceedings reached a key milestone in May 2023 when AUSTRAC entered a settlement agreement with Crown, with Crown admitting contraventions of the AML/CTF legislation. The matter was heard in the Federal Court of Australia on 10 and 11 July 2023 to determine penalty, with the Court ordering a civil penalty of \$450 million to be paid over 2 years. The matter was previously proactively identified by AUSTRAC following compliance work in the casino sector.

More information on AUSTRAC's enforcement actions can be found on our website: www.austrac.gov.au/lists-enforcement-actions-taken.

Further context

Nil.



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



COLLABORATION AND ENGAGEMENT

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:

72% or greater

Source:

AUSTRAC Corporate Plan 2022–26 p73;
Portfolio Budget Statements 2022–23,
Program 1.1. p252



Not achieved
67%

Prior results

2021–22: Achieved – 75% (target, 70%)
Not reported prior to 2021–22

In order to ensure the AML/CTF Rules and policy settings are appropriately tuned to both mitigate risks to the financial sector and minimise the regulatory burden on industry, AUSTRAC regularly engages with reporting entities and industry stakeholders. Examples of engagement throughout 2022–23 are set out below:

Engagement on policy settings

- Collaborated with reporting entities on policy settings regarding the reforms to Part 4 of the AML/CTF Act (cross-border movement of monetary instruments) and its operation, modifications to reporting obligations and amendments sought to the modification.
- Conducted bilateral meetings with the Australian Banking Association (ABA) in September 2022 about the risks posed to banks by the Optus data breach. AUSTRAC proposed a workable solution for the banks to have access to the information they needed to manage and mitigate risks, which was presented to, and accepted by, government.

- Joined the Attorney-General's Department (AGD) for a discussion with ABA policy officers on 19 October 2022 about the impact of the changes to bearer negotiable instruments reporting on banks and the government's upcoming reform agenda.
- Facilitated quarterly forum with ABA and the Australian Financial Markets Association to allow industry to discuss a range of regulatory and policy issues with AUSTRAC and AGD.
- Coordinated whole of agency meetings with DCE industry associations. The meetings updated the industry representatives on AML/CTF policy, regulatory and intelligence developments and sought input to inform Australia's engagement with the FATF Virtual Assets Contact Group.
- Presented at the Institute of Public Accountants' inaugural Cryptocurrency Conference on 30 August 2022 on the ML/TF risks of digital currencies and to raise awareness of AML/CTF regulation and international developments within the accountancy sector.
- Supported AGD in the development of a public consultation paper and their engagement with industry stakeholders. This includes participation in roundtables across the legal, financial technology, DCE, real estate, gambling, accounting, banking, precious metals and stones and remittance sectors.

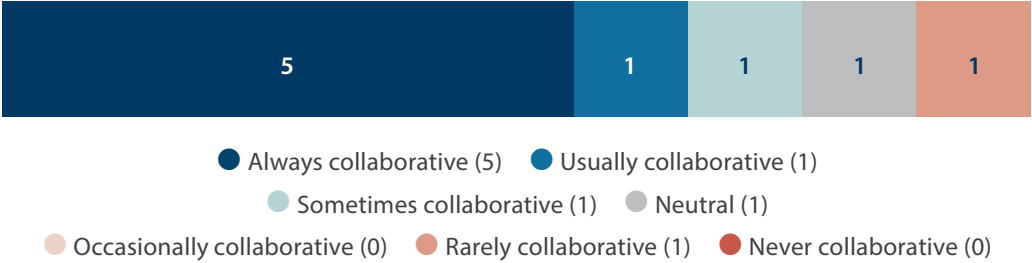
Engagement on AML/CTF Rules

- AUSTRAC formally consulted on proposed amendments to the AML/CTF Rules, and held regular informal engagements with reporting entities and industry bodies about the current operation of the Act and Rules. Following the announcement by the Attorney-General in April 2023 on proposed AML/CTF reforms, AUSTRAC will seek to only progress machinery or other necessary changes to the AML/CTF Rules during the reform process, to avoid the burden on stakeholders resulting from additional consultation on AML/CTF Rules changes. Industry has been informed and is supportive of this approach noting the current and ongoing consultations on the AML/CTF reforms.

As in measures 2.3 and 3.5, in 2022–23 AUSTRAC employed our annual external agency performance survey¹⁵ to seek feedback on industries' perceptions of AUSTRAC collaboration. 67% of respondents assessed the usefulness of AUSTRAC's guidance materials to be MODERATELY useful or higher, compared to 75% in 2021–22. As our result is below our target of 72% or greater, we have assessed this measure as not achieved.

15 Refer to AUSTRAC's agency performance survey 2022–23 section for information on our survey methodology.

Figure 6: AUSTRAC's level of collaboration in the development of AML/CTF Rules and policy settings (number of respondents)



Respondent feedback received indicates that some respondents were from sectors where there has been little engagement in the development of Rules and policy settings in the period, potentially resulting in the lower than desired result. It is also noted that some responses were related to guidance rather than Rules and policy development.

Further context
<ul style="list-style-type: none">Survey limitations as identified in measure 2.3.



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



CONTINUOUS IMPROVEMENT AND BUILDING TRUST

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:

72% or greater

Source:

AUSTRAC Corporate Plan 2022–26 p73;
Portfolio Budget Statements 2022–23,
Program 1.1. p252



Achieved
78%

Prior results

2021–22: Achieved – 75% (target, 70%)
Not reported prior to 2021–22

Reporting entity trust in AUSTRAC is integral to enable us to achieve our purpose and ensure that financial risks are accurately identified and mitigated. During 2022–23 we undertook several activities to build reporting entity trust including:

- providing guidance in multiple, accessible forms, through our products (in different languages where possible), workshops, e-learning and one-on-one engagement
- enhancing our website to provide greater accessibility and visibility of our products by industry sector¹⁶
- engaging with our reporting entities and industry associations in developing targeted and informative guidance¹⁷
- engaging with industry stakeholders through meetings, conferences, panels and other events.¹⁸

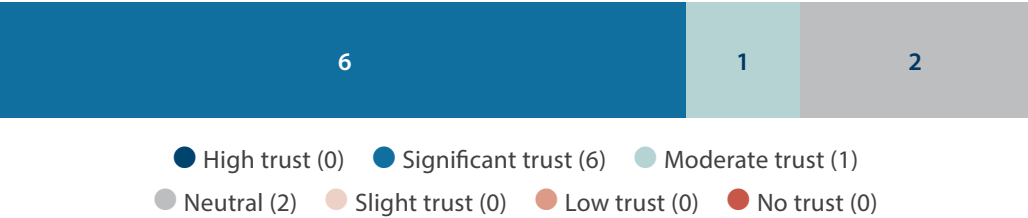
¹⁶ See measure 2.1.

¹⁷ See measure 2.3.

¹⁸ See measure 3.4.

AUSTRAC employed our annual external agency performance survey (as used in measure 2.3. and 3.4.) for this measure. Seven out of 9 respondents (78%) believed reporting entities had a MODERATE (or higher) level of trust in AUSTRAC as a result of AUSTRAC’s efforts, exceeding the target of 72% or greater. This is lower when compared to our result of 100% in 2021–22.

Figure 7: 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)



We remain committed to building trust and confidence among our reporting entities as 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 we have set over the coming years in our 2023–27 corporate plan.

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION (ASIC) INDIGENOUS SUPER SUMMIT

AUSTRAC presented at the ASIC Indigenous Super Summit on AUSTRAC’s updated guidance on assisting customers who don’t have standard forms of identification. The Summit attendees included Australian Institute of Superannuation Trustees (AIST) members and other staff from across the superannuation industry, government and community groups to discuss progress in addressing challenges Indigenous Australians experience with accessing and engaging with their superannuation. AUSTRAC’s presentation focused on how superannuation funds can use the updated guidance to develop flexible customer identification procedures to ensure that temporary or systemic barriers do not prevent community members from gaining access to financial services, including their superannuation savings. ASIC reported that AUSTRAC provided an invaluable contribution that enriched the discussions towards addressing the unique challenges faced by First Nations peoples in accessing and engaging with their superannuation.

Further context
<ul style="list-style-type: none">Survey limitations as identified in measure 2.3.



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



RISK BASED AND DATA DRIVEN

Performance measure:

3.6. Percentage of exemptions and modifications granted, annually.

Result

Target:

75% or greater

Source:

AUSTRAC Corporate Plan 2022–26 p74;
Portfolio Budget Statements 2022–23,
Program 1.1. p252



Achieved
93%

Prior results

2021–22: Achieved – 85.9% (target, establish a baseline)
Not reported prior to 2021–22

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.

During 2022–23, 186 exemptions and modifications were granted from 200 sought (93%), an increase on results from 2021–22 and exceeding our target of 75% or greater. AUSTRAC will only grant an exemption where the associated ML/TF risk is low, and the exemption is clearly required and appropriate in all circumstances. Exemptions can be made in one of 3 ways — through the AML/CTF Act, the AML/CTF Rules or an exemption instrument. 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.

The following definitions apply:

- Exemption refers to a general exemption by Rule under section 247 of the AML/CTF Act, an exemption by the AUSTRAC CEO under section 248, or an exemption under chapter 75 of the AML/CTF Rules.
- Modification refers to a modification by the AUSTRAC CEO under section 248 of the AML/CTF Act.

Exemptions/modifications under section 247 or 248 of the AML/CTF Act

During 2022–23, 35 exemptions/modifications were granted in accordance with section 248, from 43 applications received (81.4%). Ten applications were refused or withdrawn. Applications refused mostly related to requests to disclose SMR-related material in the context of court or tribunal proceedings.

Of the applications received, just under half related to tipping off or secrecy requirements whilst the remainder related to AML/CTF obligations imposed by the AML/CTF Act. AUSTRAC continues to receive and grant a significant number of exemption applications related to Part 11 of the AML/CTF Act (secrecy and access) and particularly section 123 (the tipping off offence).

Table 10: Exemptions and modifications granted under section 248 over the past 2 years

Reporting Period	No. of exemptions and modifications under s248 granted	No. of exemptions and modifications under s248 sought	%
2022–23	35	43	81.4%
2021–22	25	42	59.5%

Exemptions under Chapter 75 of the AML/CTF Rules

During 2022–23, is AUSTRAC granted 151 exemptions out of 157 applications received (96.2%) under Chapter 75 of the AML/CTF Rules. Six applications were refused or withdrawn.

Table 11: Exemptions made under chapter 75 of the AML/CTF Rules over the past 2 years

Reporting Period	No. of exemptions under Chapter 75 granted	No. of exemptions under Chapter 75 sought	%
2022–23	151	157	96.2%
2021–22	109	114	95.6%

The increase in Chapter 75 exemption applications is reflective of these exemption notices now becoming a standard investigative tool used by LEAs. They are often requested by reporting entities when they receive an enquiry to ensure they can cooperate without concern that they may breach their AML/CTF obligations.

Further context

- Using this measure over the past 2 years, we identified the measure assumes that each application for an exemption or modification reflects a legitimate issue with the AML/CTF Act, which is not always the case. There is no specific threshold for exemption or modification applications that should be granted.
- Alongside this context, we assessed this measure as being more operational or supportive in nature, rather than directly contributing to AUSTRAC's strategic purpose and impact. As such, we have retired this measure from our 2023–27 corporate plan, with effect from 2023–24.


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 capability development programs, completed during the current financial year, where the funder has confirmed the program served their purposes, annually.

Result

Target:
100%

Source:
AUSTRAC Corporate Plan 2022–26 p74;
Portfolio Budget Statements 2022–23,
Program 1.1. p252



Achieved
100%

Prior results

2021–22: Achieved – 100% (target, establish a baseline)
Not reported prior to 2021–22

AUSTRAC collaborates with regional FIUs to share knowledge, tradecraft and information in order to improve their capability to detect, understand, and disrupt money laundering, terrorism financing and other serious crimes. In support of this objective, we deliver international development programs with foreign FIUs.

During 2022–23, 3 externally funded international capability development programs were completed, with the funder—Department of Foreign Affairs and Trade (DFAT)—confirming that all programs served their purpose. See measure 3.8. for more information on specific program activities delivered during 2022–23.

Programs completed during 2022–23 include:

KSP-AUSTRAC Program (Indonesia)

This program, funded by DFAT under the Prospera Program (a grant-funded partnership between DFAT and Indonesia's Coordinating Ministry for the Economy) concluded on 31 December 2022. The objectives were to support Indonesia's bid for FATF membership through enhancing Indonesia's AML/CTF regime, and support enhanced bilateral engagement with Indonesia through the Executive Office of the President of the Republic of Indonesia (KSP ¹⁹). Both are strategic priorities for Australia. DFAT has confirmed the program met its 2 objectives.

AUSTRAC Pacific Islands Partnership Program (APIPP)

The APIPP sought to uplift the capability of intelligence analysts within Pacific FIUs and promote greater regional collaboration in identifying and combating ML/TF risks in the South Pacific region. This work was complemented by another Pacific-focused program AUSTRAC delivered – 'Project TAIPAN'. During 2022–23 APIPP focused on expanding and facilitating the work of the PFIC including by hosting Tradecraft Tuesday sessions, Virtual Asset Webinar Series and coordinating TAIPAN installations in Pacific FIUs. The work of APIPP has been well received in the Pacific and whole of government stakeholders.

Following the success of the program, DFAT sponsored a new policy proposal (NPP) for AUSTRAC to deliver a significantly enhanced APIPP which began after initial funding concluded in March 2023. This new phase of the program is funded to 2025–26.

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Project TAIPAN

Project TAIPAN involved the installation of a low cost, simple and secure database and analysis platform across 12 Pacific FIUs in 2022–23. TAIPAN makes it easy for FIUs to collect, analyse and exchange financial intelligence. It provides advanced data analytics, visual analytical tools and interactive dashboards to better detect criminal activity. The TAIPAN platform rollout complemented the training packages delivered under the APIPP.

The success of the Project TAIPAN has seen DFAT support a significant funding uplift in the program with TAIPAN Phase 2 rolling out from 2023 to 2025 (initial program funding concluded on 30 March 2023). This consists of TAIPAN installation in Samoa, Kiribati, Marshall Islands, Palau, Tuvalu and PNG FIUs. Phase 2 has been rolled into the broader APIPP so there will be only one Pacific focused program moving forward.

The following ongoing programs were delivered during 2022–23, but were not due for completion in this period and have not been counted towards AUSTRAC's performance against this measure:

- Mekong Program—strengthening the AML/CTF regimes of Mekong countries by uplifting the financial analytic capability of the Mekong FIUs through professional development and regional engagement.
- ASEAN Program—enhancing the ASEAN-Australia Strategic Partnership through the delivery of the Regional Financial Intelligence Analyst Course (RFIAC).
- Philippines Program—strengthening the AML/CTF regime of the Philippines and providing support to primary Philippines partner agencies – FIU, LEAs and Intelligence and Justice – to address grey listing action items, enhance justice responses, counter terrorism financing and violent extremism.

Further context

- There is a continuing limitation of funder satisfaction being provided verbally and not against a specific methodology such as feedback surveys. We are able to see the demonstrated satisfaction of DFAT with AUSTRAC programs from continued provision of funding and ongoing work with AUSTRAC.
- In reporting against this measure over the past 2 years, we determined that there is some duplication with measure 3.8. As such, as outlined in our 2023–27 corporate plan, this measure has been retired with effect from 2023-24. Results against this measure will continue to be provided in our annual performance statements to support measurement against measure 3.8.



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

Performance measure:

3.8. Percentage of externally funded international development program activities, completed during the current financial year, which realised a capability uplift, annually.

Result

Target:

100%

Source:

AUSTRAC Corporate Plan 2022–26 p75;
Portfolio Budget Statements 2022–23,
Program 1.1. p252



Achieved
100%

Prior results

2021–22: Achieved – 100% (target, establish a baseline)
Not reported prior to 2021–22

By enhancing partner capabilities in our region, AUSTRAC supports regional and international efforts to strengthen the global financial system. Following international development activities, we have seen evidence of capability uplift within our partners including increased knowledge of the role of FIUs, and improved ability to apply knowledge and skills to their analytical work and tradecraft.

100% of the 35 externally funded international development program activities delivered during 2022–23 realised a capability uplift. For more details of the objectives and outcomes of the overall programs, see measure 3.7.

Program activities delivered as part of international development programs completed during 2022–23 are outlined in Table 12.

Table 12: International development program activities completed during 2022–23

Program/program activities	Purpose of activity	Evidence of capability uplift
KSP-AUSTRAC <ul style="list-style-type: none"> Workshop for data collection to support a Sectoral Risk Assessment (SRA) Workshop to analyse data for the SRA Bilateral engagement with Government of Australia partners and the executive of the KSP Economic Team. 	To support development uplift of capability in developing SRAs.	Positive feedback received from stakeholders indicating the workshops uplifted their capability in FATF, international standards and expectations and progress to completing the SRA.
APIPP <ul style="list-style-type: none"> PFIC Virtual Assets 5 part webinar series (topic 1 to 3 delivered in 2022–23) PFIC FIAC (Canberra). Other activities include: <ul style="list-style-type: none"> Virtual multilateral analyst exchange program Tradecraft Tuesday sessions (9 sessions with over 400 attendees) Refinitiv—World Check software subscription provided to 11 Pacific jurisdictions. 	<p>PFIC enhances AUSTRAC's ability to influence the region's response and priorities in combating financial crime, as well as to enable and direct joint capacity building and operational engagement amongst regional FIUs. The PFIC meets virtually on a bi-monthly basis with an annual face-to-face meeting.</p> <p>The Tradecraft Tuesday sessions share and seek to enhance financial intelligence tradecraft knowledge for participants from FIUs, LEAs and regulatory agencies.</p> <p>Provision of Refinitiv software is an ongoing activity that maintains a key capability that FIUs need to search for politically exposed persons and entities designated for sanctions.</p>	<p>100% of FIAC respondents either agreed or strongly agreed that they improved their level of knowledge of the role of FIUs.</p> <p>100% of FIAC respondents reported that they will be able to apply knowledge gained from participating in the sessions.</p>

Program/program activities	Purpose of activity	Evidence of capability uplift
Project TAIPAN <ul style="list-style-type: none"> Rollout of secure database and analysis platform to Pacific FIUs. 	TAIPAN (see measure 3.7.) to be installed in 12 Pacific FIUs.	<p>Evidence of capability uplift is difficult to ascertain. However, feedback from those FIUs that have received it is extremely positive. The data analytical functionality at the disposal of FIUs has unquestionably been enhanced. AUSTRAC will conduct a survey of users in 2023–24 to get more granular evidence of capability uplift.</p>

Additional uplift activities were also delivered during 2022–23 under the Mekong Program, the ASEAN Program and the Philippines Program (see measure 3.7.), but as these programs were not due for completion in this period these activities have not been counted towards AUSTRAC's performance under this measure.

Further context
<ul style="list-style-type: none"> This measure is limited to those externally funded international capability development program activities completed during this financial year. Some programs are continuing into 2023–24. Results are dependent on participants completing surveys delivered by AUSTRAC.



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 sector-based Risk Assessment product had a MODERATE (or higher) influence on their risk mitigation attitudes or behaviours, per product.

Result

Target:

50% or greater

Source:

AUSTRAC Corporate Plan 2022–26 p75;
Portfolio Budget Statements 2022–23,
Program 1.1. p252



Achieved
84%

Prior results

2021–22: Achieved – results ranged from 64% to 100% (target, establish a baseline)
Not reported prior to 2021–22

During 2022–23, AUSTRAC published 4 sector-based risk assessment products:

- Bullion dealers risk assessment (September 2022)
- Superannuation threat update (September 2022)
- Independent remittance dealers (September 2022)
- Remittance network providers and their affiliates in Australia risk assessment (September 2022).

A national risk assessment of proliferation financing in Australia was published in December 2022.²⁰

The aim of these sector-based risk assessments was to assist reporting entities in the remittance, bullion and superannuation sectors to identify and disrupt ML/TF risks to Australia's financial system, and report suspected crimes to AUSTRAC. AUSTRAC consulted with several relevant reporting entities in developing these risk assessments to collect information and insights specific to each sector. Surveys were issued in January 2023 to those reporting entities consulted, to understand the impact of the publications. Of the respondents:

- 84% indicated the publications had a moderate (or higher) influence on their risk mitigation attitudes or behaviours
- 88% indicated the publications had resulted in a moderate (or higher) level of understanding of ML/TF risks in their sector
- 75% of survey respondents indicated the publications had resulted in the commencement (or completion) of amendments to their AML/CTF programs.

²⁰ This product is not targeted to an industry audience and is not included in the count.

Table 13: Percentage of respondents reporting MODERATE or higher influence on their risk mitigation attitudes or behaviours for AUSTRAC's sector-based risk assessment products

Risk assessment product	% of respondents reporting MODERATE or higher
Bullion dealers risk assessment	83%
Superannuation sector threat update	83%
Remittance sector risk assessments	85%
Average	84%

From 2023–24, as outlined in our corporate plan 2023–27, this measure has been amended to refer to risk insight products, rather than sector-based risk assessments.

BULLION SECTOR RISK ASSESSMENTS

AUSTRAC's ML/TF risk assessment of Australia's bullion sector was published in September 2022. The development of the risk assessment involved consultation and engagement with government partners as well as 15 bullion sector reporting entities. The primary threats facing the bullion sector are tax evasion, money laundering, fraud and scams.

Criminals may buy and sell bullion to launder money as it has a high intrinsic and stable value, can be converted and melted down into various forms and enables anonymity when transferring value. This makes it easy to conceal and move across domestic or international borders, and convert back to legitimate funds. The most significant factors exposing the bullion sector to ML/TF vulnerabilities include the sector's high exposure to cash, the ability to store and move funds within the sector, dealers who also operate as bullion refiners (increasing their foreign jurisdiction risk and the risk associated with refining scrap precious metal), and the delivery channels used by bullion dealers, including face-to-face, online, phone and third party arrangements. AUSTRAC assesses the bullion sector faces a medium level of ML/TF vulnerability. AUSTRAC's bullion sector risk assessment was well-received by industry and contributed to the strengthening of the sector, with 83% of industry survey respondents reporting that it had a moderate or higher influence on their risk mitigation attitudes or behaviours.

Further context

- Survey limitations as per measure 2.5.
- Whilst we make all efforts to consult appropriately across industry sectors, some sectors have thousands of reporting entities and we are unable to engage with each of them directly.


STRENGTHEN - AUSTRAC ensures criminal risks within Australia's financial system are identified, mitigated and managed effectively.
Performance measure:
3.10. Number of Fintel Alliance-coded suspicious matter reports (SMRs) received, annually.
Result**Target:**

5,455 or greater

Source:
 AUSTRAC Corporate Plan 2022–26 p76;
 Portfolio Budget Statements 2022–23,
 Program 1.1. p252

 Achieved
 8,433
Prior results

Not reported prior to 2022–23

Fintel Alliance partners work together with AUSTRAC, sharing and analysing financial intelligence to investigate and disrupt criminal and terrorist activities. We have an established program targeting priority themes, such as crimes targeting vulnerable community members, professional money laundering, and threats to Australia's domestic and international interests. Refer to the Fintel Alliance section of this report for more information on the Fintel Alliance work program.

Information generated from suspicious matter reports (SMRs) is crucial in identifying potential illegal activity and assists AUSTRAC to detect and disrupt 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.

During 2022–23, Fintel Alliance moved away from work targeting fraud against government support programs to applying lines of effort focused on crimes affecting our most vulnerable community members, and networked and complex financial crime. These areas are reflective of projects being undertaken by Fintel Alliance:

- detecting child exploitation material payments
- scam activity
- text fields being used as a method of criminal communication or abuse
- efforts to mitigate the money laundering risks posed by money mules.

AUSTRAC received 8,433 SMRs relating to the Fintel Alliance work program during the reporting period, exceeding our target, initially selected from our internal baseline results in 2021–22 (5,348). The increase in scam and money mule activity within Australia is reflected in SMR submissions this financial year. Whilst this topic is not specific to current Fintel Alliance projects, we are seeing this activity intersecting across many ongoing projects

Further context
Nil.

<div> STRENGTHEN - AUSTRAC ensures criminal risks within Australia’s financial system are identified, mitigated and managed effectively.</div>		
Performance measure: 3.11. Percentage of strategic analysis reports sanitised and repurposed for selective distribution to specific Reporting Entities, annually.		Result
Target: 40-60%	Source: AUSTRAC Corporate Plan 2022–26 pp76-77; Portfolio Budget Statements 2022–23, Program 1.1. p252	 Achieved 43%
Prior results		
Not reported prior to 2022–23		

Strategic analysis reports refer to strategic insights or briefs that have been developed to provide key judgements on a specific topic or issue, to add value to our stakeholders' understanding of the subject and its implications in the Australian context. This measure allows us to demonstrate the advantage of AUSTRAC's unique role as an AML/CTF regulator and FIU where financial intelligence can be utilised to inform AML/CTF risk mitigation by our regulated entities.

Fourteen strategic analysis reports were developed during 2022–23, of which 6 (43%) were sanitised and repurposed for sharing with selected reporting entities and/or Fintel Alliance members.

Examples of strategic analysis reports sanitised and repurposed include:

- **Strategic Insights: Indicators of sanctions evasion strategies** – developed in response to increased sanctions against Russia, to provide a range of reporting entities, including banks, remitters and DCEs, an overview of potential sanctions evasion strategies and indicators to consider within transaction monitoring programs.
- **Strategic Insights: Impact of interest rate rises and inflation on illicit funds flow** – follows a product developed in 2021–22, which considered the impact of high interest rates and inflation on criminal entities' willingness to continue hoarding cash, and the potential re-entry points of previously hoarded cash back into the Australian financial system. This paper was disseminated to Fintel Alliance industry members, to alert them to the likely placement of hoarded cash should interest rates and inflation remain high (or increase).
- **Key threats & vulnerabilities in the Australian casino sector** – disseminated to all 13 Australian casinos and state-based gambling regulators. This report provided contemporary insights into the key money laundering threats and vulnerabilities faced by the Australian casino sector. The report was targeted to make casinos aware of key concerns facing their sector at a national level, enabling consideration of these factors in their enterprise risk assessment processes.

Further context

- This is the first reporting period we have used this measure, however we have assessed this measure as being more operational or supportive in nature, rather than directly contributing to AUSTRAC's strategic purpose and impact. As such, we have retired this measure from our 2023–27 corporate plan, with effect from 2023–24.



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

Performance measure:

3.12. Percentage of the disbursed industry contribution levy that the levy collection process costs, annually.

Result

Target:

<0.1%

Source:

AUSTRAC Corporate Plan 2022–26 p77;
Portfolio Budget Statements 2022–23,
Program 1.1. p252



Achieved
0.056%

Prior results

Not reported prior to 2022–23

As Australia's AML/CTF regulator and FIU, AUSTRAC is funded through an industry contribution levy. The levy is an annual payment that some reporting entities must pay to cover AUSTRAC's operating costs, including amortisation and the annual depreciation costs of assets that we use to undertake regulatory and intelligence activities. Under section 9(2)(a) of the *Australian Transaction Reports and Analysis Centre Industry Contribution Act 2011*, the Minister is required to make a ministerial determination to set the industry contribution levy for each financial year.

For the purposes of this measure, the following definitions applied:

- Levy collection process costs are the direct staff costs incurred in undertaking the updating and analysis of the model, ministerial consultation, industry consultation, insurance and collection of the levy and management of disputes in relation to the levy.
- Direct costs are represented as a portion of full time employee (FTE).
- Levy collection process refers to the review process and allocation of time within AUSTRAC associated with processing and performing levy collection activities.

This is the first year we are using this measure to monitor the efficiency of the collection process. In 2022–23 the levy collection process cost 0.056% of the disbursed industry contribution levy, meeting our target of less than 0.1% annually. AUSTRAC is continually assessing ways to improve the efficiency of administering this activity and is working on automating the levy calculation model during 2023–24.

Table 14: Levy collection rate over the past 3 years

	2023	2022	2021
Cost of levy collection	\$54,942	\$56,668	\$55,611
Value of the levy	\$98,640,000	\$93,342,000	\$90,840,000
Levy collection rate	0.056%	0.061%	0.061%

As outlined in our 2023–27 corporate plan, the wording of this measure has been amended from 2023–24 for clarity and to more easily demonstrate that this measure is measuring efficiency.

Further context
Nil.



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 2022–26 p78;
Portfolio Budget Statements 2022–23,
Program 1.1. p252



Achieved
\$330 million
total liabilities
raised; at least
\$139 million
revenue
recouped

Prior results

2021–22: Achieved – \$105 million liabilities raised through AUSTRAC data²¹ and \$473 million liabilities raised by SFCT²² (total \$578 million); at least \$79 million revenue recouped²³ (target, not practicable to set a target). Not reported prior to 2021–22

AUSTRAC contributes to the ATO's recovery of revenue and liabilities in 2 ways:

1. Contributing to the outcomes achieved by the ATO-led SFCT through the provision of financial intelligence (see measure 1.1. for more information on SFCT).
2. The provision of high-volume transaction report data via Analyst Workbench (AWB) and directly into ATO systems, enabling the ATO to identify undeclared foreign-source income and serious non-compliance (see measure 4.4. for more information on AWB).

21 ATO cases used AUSTRAC's data/information to contribute to \$105 million of liabilities raised in 2021–22.

22 AUSTRAC financial intelligence contributed to the SFCT raising approximately \$473 million in tax liabilities in 2021–22.

23 This result was presented differently in AUSTRAC's 2021–22 annual report to show only liabilities raised in the headline figure. This year, we have opted to also include revenue recouped in the headline figure to emphasise the final outcome and concrete value generated through AUSTRAC's contributions.

During the 2022–23 period, the ATO found:

- The SFCT raised approximately \$292.8 million in tax liabilities, with approximately \$139 million recouped by the ATO in 2022–23.
- 3,004 of their cases used AUSTRAC's data, available via AWB, to contribute to \$37.2 million of liabilities raised.

Table 15: Liabilities raised attributable to AUSTRAC data and financial intelligence

Method	Liabilities raised
Contributions to SFCT	\$292.8 million
Provision of AUSTRAC data	\$37.2 million
Total	\$330 million

Table 16: AUSTRAC data use by the ATO (outside of the SFCT)

Year	No. of cases	Liabilities raised
2022–23	3,004	\$37.2 million
2021–22	2,501	\$105 million
2020–21	2,355	\$38 million
2019–20	586	\$62.9 million

Further context

- We are reliant on data captured and provided by a third party (ATO) for this measure, making it difficult for AUSTRAC to independently validate the reliability and verifiability of the data source and methodology.
- Due to limitations in data made available from the ATO, we cannot ascertain exactly what component of revenue was recouped out of the \$37.2 million in liabilities raised, using AUSTRAC's data.



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

Performance measure:

4.2. Sum of Criminal Assets Confiscation Taskforce (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 (up to 2024)

Source:

AUSTRAC Corporate Plan 2022–26 p78; Portfolio Budget Statements 2022–23, Program 1.1. p253



Achieved \$352 million in 2022–23; over \$940 million from 1 July 2019 to 30 June 2023

Prior results

2021–22: Achieved – \$138 million (target, \$600 million over 5 years (up to 2024))
Not reported prior to 2021–22

During 2022–23, AUSTRAC data and financial intelligence contributed to CACT's overall restraint of \$352 million in gross restrained assets. The CACT has surpassed the target of \$600 million in restraints over 5 years set in 2019, with total gross restrained assets in excess of \$940 million for the period 1 July 2019 to 30 June 2023.

The CACT was formed to enhance the identification and pursuit of potential criminal confiscation matters. The AFP-led CACT is a Commonwealth initiative dedicated to taking the profit out of crime by targeting criminals and the 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. AUSTRAC has dedicated analysts working on CACT matters to provide financial intelligence and insight across multiple agencies and CACT investigations.

AUSTRAC contributions to significant CACT outcomes in 2022–23

- AUSTRAC provided vital financial analysis for Operation Avarus-Midas to trace the movement of proceeds of crime and tainted property subject to restraint. AFP charged 9 members of an international money laundering organisation and restrained over \$150 million in Australian real estate, as well as significant restraints of cryptocurrency, luxury watches, vehicles and jewellery. AFP acknowledged that AUSTRAC had been a key partner in this investigation with its specialist expertise and capabilities.²⁴
- In October 2022, AFP laid charges against 2 offenders for their alleged involvement in a money laundering syndicate responsible for laundering \$4.5 million in cash. AUSTRAC provided financial profiles, identification of a newly opened account and details of fraudulent bank accounts. International funds transfer reporting was also used to identify the source of funds for a property purchase. Cash, accounts and real property were restrained and both were charged with conspiring to deal in the proceeds of general crime.
- A multi-state AFP operation resulted in the arrest of an alleged syndicate involved in the import and extraction of 700kg of cocaine imported into Australia. Nine people were arrested and it is alleged the syndicate purchased a remote Queensland property to set up a cocaine extraction laboratory. Over \$1 million in cash, a luxury watch, and a vessel suspected to be an instrument of crime were seized. AUSTRAC contributed to this operation through network analysis, financial profiling and asset identification.

Further context

- Third party data limitations as outlined in measure 4.1.
- The outcomes and results for this measure are heavily dependent on AFP resourcing of this work. Using this measure over the past 2 years, we have identified that it is increasingly difficult to ascertain AUSTRAC's specific contribution to this measure and subsequently our ability to measure achievement towards our purpose. As such, this measure has been retired with effect from 2023–24 as per our 2023–27 corporate plan.

²⁴ Refer to the Fintel Alliance section of this report for more information on Operation Avarus-Midas.



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

Performance measure:

4.3. Percentage of stakeholders who rate the impact of AUSTRAC's financial intelligence to their work as having SOMEWHAT OF AN IMPACT (or higher), annually.

Result

Target:

75% or greater

Source:

AUSTRAC Corporate Plan 2022–26 p79;
Portfolio Budget Statements 2022–23,
Program 1.1. p253



Achieved
84%

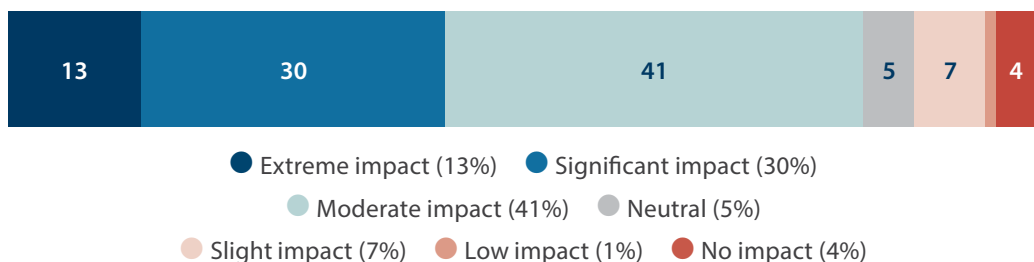
Prior results

2021–22: Achieved – 89% (target, 65%)
Not reported prior to 2021–22

AUSTRAC provides actionable intelligence to support our partners in disrupting serious crimes and national security threats and hardening the financial sector.

As per measure 2.5. in 2022–23 AUSTRAC conducted a stakeholder survey to determine the impact of its financial intelligence. 57 stakeholder participants responded, consisting of 20 domestic and 37 international partners (compared to 56 participants; 28 domestic, 28 international in 2021–22). 84% of respondents rated the impact of AUSTRAC's financial intelligence as having SOMEWHAT OF AN IMPACT or higher on their work. This is a slight decrease from the 89% result achieved in 2021–22 but exceeds our target of 75% or greater. However, as noted in the agency performance survey 2022–23 section of this report, there was a change in our survey methodology this year that limits our ability to directly compare data between reporting periods.

Figure 8: Impact of AUSTRAC's data and financial intelligence (%)



As a part of the survey, we also asked participants whether AUSTRAC's intelligence products generated an outcome for their organisation. 75% of respondents noted that they 'agree' or 'strongly agree' with this statement, with the most frequently reported outcomes including 'providing new information' (76%); 'opening new lines of investigation for their organisation' (61%) and 'aiding in disruption activities' (25%).²⁵

Further context

- Survey limitations as identified in measure 2.5.



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

Performance measure:

4.4. Percentage of Analyst WorkBench (AWB) users who rate the impact of AUSTRAC's data available via AWB on their work as having SOMEWHAT OF AN IMPACT (or higher), annually.

Result

Target:

60% or greater

Source:

AUSTRAC Corporate Plan 2022–26 p79;
Portfolio Budget Statements 2022–23,
Program 1.1. p253



Achieved
92.7%

Prior results

Not reported prior to 2022–23

AWB is a suite of tools used by AUSTRAC to deliver near real-time analytics and actionable intelligence for designated partner agencies to inform their work. It gives users access to AUSTRAC's data holdings to assist in enquiries and investigations, improves our collective understanding of ML/TF risks and enables disruption of criminal exploitation of the financial system.



²⁵ Respondents were able to select multiple outcomes generated.

As at 30 June 2023, AWB supported 5,171 active external users across 39 partner agencies. Part 11 of the AML/CTF Act dictates what AUSTRAC information can be accessed by partner agencies, and under what circumstances. The AUSTRAC CEO may authorise specified officials of a Commonwealth, state or territory agency to access AUSTRAC information via AWB. Access arrangements are set out in a memorandum of understanding (MOU) between AUSTRAC and partner agencies that specifies the legal, security and handling requirements of AUSTRAC information.

During 2022–23, partner agency users accessed AUSTRAC data via AWB 10,043,569 times, where ‘accessed’ is defined as 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. During 2022–23, we have provided in-person and online AWB training and guidance materials to increase user understanding of AUSTRAC information and how to best access it through AWB.

To obtain data for this measure, we conducted a survey of AWB users to assess the impact of AWB data on their work as well as to understand their training needs. We received 430 responses, of which 92.7% rated the impact of our data as having SOMEWHAT OF AN IMPACT (or higher), based on a 7 point scale.²⁶ This figure significantly exceeded our target of 60% or greater and is indicative of the high value data, tools and training made available to AUSTRAC partners.

Further context
<ul style="list-style-type: none">Survey limitations as identified in measure 2.5.

<div> OPTIMISE - AUSTRAC continuously evolves and adapts business operations to succeed in a dynamic operating environment.</div>		
Performance measure: 5.1. Percentage of agency approved capability and transformation projects, closed during either the current financial year or the previous financial year, that realise their approved benefits, annually.		Result
Target: 70% or greater	Source: AUSTRAC Corporate Plan 2022–26 p80; Portfolio Budget Statements 2022–23, Program 1.1. p253	<div> Not achieved 20%</div>

26 1=No impact, 2=Low impact, 3=Slight impact, 4=Neutral, 5=Somewhat of an impact, 6=Significant impact, 7=Extreme impact

Prior results

2021–22: Achieved – 85.7% (target, 70%)

2020–21: Achieved – 100% (target, completed ICT projects deliver proposed benefits)

Not reported prior to 2020–21

AUSTRAC closed the following 4 capability and transformation projects during 2022–23 and one in 2021–22.²⁷

- Cross-border movements project—achieved 100% of its benefits on closure
- Alerting project—achieved 3 of its 7 (43%) benefits, and partially achieved a fourth on closure with the remaining benefits still to be realised
- Sydney property project—achieved 3 out of 5 benefits (60%) on closure
- Content Management System (CMS)/CR 2022 Project—benefits are not realisable until January 2024
- Identity and Access Management (iDAM) project (closed in 2021–22)—did not realise any of its benefits.

This performance target was not achieved with only 20% of projects achieving all of their benefits as at 30 June 2023. This result is below our target and results from previous years.

A closed project will be considered to have realised its approved benefits only if all of the benefits are realised. Reasons for not realising benefits included that the benefit was not capable of being measured; a baseline measurement was not taken at the start of the project; the time for realising the benefit has not yet occurred; or the project was closed and work to realise the benefits will be done through operational activities. If any single benefit was not realised, then the project is considered not to have realised its approved benefits.

A lessons learned process was undertaken following the closure of each project. These processes identified issues associated with benefits ownership and monitoring once the projects had concluded. Through these processes, we have refined and implemented improvements to project governance, including clearer articulation of benefits at the beginning of projects. We expect to see an uplift in benefit realisation from 2023–24 onwards.

²⁷ The time period of 2 financial years was adopted noting the diverse nature and timeframes of projects, and that benefits may not be realised immediately upon closure of a project.

CROSS-BORDER MOVEMENTS

This project enabled AUSTRAC, from 17 June 2022, to accept cross-border movement reports using the newly developed cross-border movement of monetary instructions (CBM-MI) digital form available from the AUSTRAC website for the general public or through AUSTRAC Online for reporting entities. This new form was developed in response to the passage of the Phase 1.5 Amendment Bill (changing the AML/CTF Act) stipulating a single reporting requirement (as opposed to 3) which includes cash and bearer negotiable instruments.

The new CBM-MI digital form can be accessed via personal devices such as mobile phones, tablets and PCs. All benefits initially identified were achieved:

- Updated business process that meets legislative changes as part of Phase 1.5 reforms.
- Enhanced digital processes to enable people to complete CBM-MI forms electronically.
- Updated intelligence systems to ingest new CBM-MI data.
- Decommission of legacy systems.

CMS/CR 2022

The Content Management System (CMS) was developed to improve the capability and allow greater flexibility for business users to create the CR content each year. The CMS tool greatly reduces the reliance on technology resources and manual work in order to develop the CR.

The CMS was deployed in December 2022 and used by the business team to create CR 2022, which went live on 1 January 2023.

The benefits, a reduced requirement of technology resources and providing business users with greater control over compliance report content, will be realised in January 2024 when CR 2023 is released.

SYDNEY PROPERTY

This project relocated AUSTRAC Sydney-based staff to a new safe, inclusive and modern physical office location and working space to undertake their activities in support of the agency's purpose. In addition to the physical property component of this project, it also included a change management program supporting staff in adjusting to a new location (approximately 20km from the previous office) and to operate in a desk-sharing environment in support of AUSTRAC's hybrid working model. 5 benefits were identified, with the following 3 achieved upon closure of the project:

- AUSTRAC's continued physical presence in Sydney
- Maintain high morale and culture of AUSTRAC
- Continued delivery of AUSTRAC services.

The 2 outstanding benefits are:

- Greater opportunities for collaboration on joint-efforts in regulating the financial services sector and facilitate closer and more regular engagement with regulatory partners, such as ASIC and APRA.
- Enables greater operational engagement and collaboration with AUSTRAC's law enforcement and national security partners.

While relevant benefit owners have provided qualitative evidence of the outstanding benefits of the new office location, being decreased travel time and improved ease of meeting with partners regularly and in person, AUSTRAC cannot demonstrate measurable achievement primarily due to a lack of baselining evidence captured prior to the move, resulting in difficulties for current benefit owners to quantify evidence post move.

Further context

- The strict definition of this performance measure and the way project benefits are assessed and calculated has led to a poor performance against the target. This should not be taken to mean that the projects themselves were considered to have failed, or not met their overall purpose and objectives.
- As part of our annual review of performance measures, we assessed this measure as being more operational or supportive in nature, rather than directly contributing to AUSTRAC's strategic purpose and impact. As such, we have retired this measure (as well as the Optimise pillar) from our 2023–27 corporate plan, with effect from 2023–24.



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

Performance measure:

5.2. Percentage of AUSTRAC staff who agree their workgroup has the appropriate skills, capabilities and knowledge to perform well, annually.

Result

Target:

85% or greater

Source:

AUSTRAC Corporate Plan 2022–26 p81;
Portfolio Budget Statements 2022–23,
Program 1.1. p253



Achieved
85%

Prior results

2021–22: Achieved – 86%

2020–21: Achieved – 86%

Not reported prior to 2020–21

In 2022, 91% (415 out of 455) of AUSTRAC staff completed the Australian Public Service (APS) Employee Census. Of these, 85% agreed their workgroup has the appropriate skills, capabilities and knowledge to perform well, a minor decrease in our results from previous years (86%). Our results continue to be higher than the APS overall as well as other regulatory and similarly sized agencies. This strong result reflects our goal of ensuring that our staff have sufficient resources and support required to perform their roles effectively and contribute to AUSTRAC's ability to protect the financial system.

During 2022–23 we continued to implement the 6 key areas of capability uplift identified in AUSTRAC's Learning and Development Framework 2021–23:

- project and change management
- communication and writing skills
- stakeholder engagement and relationship management
- critical thinking and problem solving skills
- data literacy
- leadership and management development.

To build these core skills, we have sourced and delivered custom training opportunities to our staff relating to these key areas. As our data volumes continue to increase, our investment in data governance and data management capabilities has become increasingly important.

Other activities to support our staff included in person delivery of our OneAUSTAC Leadership, stakeholder engagement and relationship management, and critical thinking and problem solving skillsets training programs. Three cohorts of APS6 and EL1 staff participated in the Emerging Leaders Program, with 73 staff attending. These training offerings have contributed positively to AUSTAC's ability to support staff in building and maintaining appropriate skills and capabilities needed to perform well. Refer to the Learning and Development section of this report for more information on our learning and development offerings.

Further context

- Results are dependent on the willingness of AUSTAC staff to complete the survey. All attempts were made to encourage participation.
- We are reliant on data captured and provided by a third party (APSC) for this measure, making it difficult for AUSTAC to independently assure the reliability and verifiability of the data source and methodology. However, we consider this to be a low risk considering the maturity of the APS census and wide use across the APS.
- As part of our annual review of performance measures, we assessed this measure as being more operational or supportive in nature, rather than directly contributing to AUSTAC's strategic purpose and impact. As such, we have retired this measure (as well as the Optimise pillar) from our 2023–27 corporate plan, with effect from 2023–24.

AUSTAC'S agency performance survey 2022–23

This is the second year that AUSTAC has conducted an annual external agency performance survey to assess performance against several performance measures and key activities in our 2022–26 corporate plan. Five measures are assessed using this survey – 2.3, 2.5, 3.4, 3.5 and 4.3.

AUSTAC commissioned an external provider (JWS Research) to independently conduct both the 2021–22 and 2022–23 survey, analyse the data and report the results. The survey gauges the perceived performance and value of AUSTAC through the eyes of our key stakeholders. The structure and survey questions remained similar to those used in 2021–22 with all questions using a 7 point scale that varied based on the metric (see Table 17). The results of each measure assessed were determined based on a single question in the survey specific to the respective measure.

Table 17: Response rating scales and survey questions for corporate plan measures

Measure	Survey question	Scale
2.3	How would you rate the usefulness of AUSTRAC's guidance materials?	1=Not at all useful, 2=Low usefulness, 3= Slight usefulness, 4=Neutral, 5=Moderately useful, 6=Very useful, 7=Extremely useful
2.5	What impact does the use of AUSTRAC's intelligence products have on your understanding of vulnerabilities in the financial system?	1=No impact, 2=Low impact, 3=Slight impact, 4=Neutral, 5=Moderate impact, 6=Significant impact, 7=Extreme impact
3.4	How would you rate the level of collaboration from AUSTRAC in the development of AML/CTF rules and policy settings?	1=Never collaborative, 2=Rarely collaborative, 3=Occasionally collaborative, 4=Neutral, 5=Sometimes collaborative, 6=Usually collaborative, 7=Always collaborative
3.5	What level of trust do you believe reporting entities have in AUSTRAC as a result of AUSTRAC's efforts to harden the industry against ML, TF and other crime risks?	1=No trust, 2=Low trust, 3= Slight trust, 4=Neutral, 5=Moderate trust, 6=Significant trust, 7=High trust
4.3	What impact did AUSTRAC's data and financial intelligence have on your work?	1=No impact, 2=Low impact, 3=Slight impact, 4=Neutral, 5= Somewhat of an impact, 6=Significant impact, 7=Extreme impact

Due to the differences between the participants who are surveyed depending which aspect of AUSTRAC's operations we are assessing performance against, 2 separate surveys were conducted. To allow for open feedback, respondents were anonymised.

INDUSTRY ASSOCIATION SURVEY

For measures 2.3, 3.4 and 3.5, AUSTRAC surveyed 33 industry association participants representing AUSTRAC's reporting entities, with multiple contacts identified at one association. AUSTRAC has several key industry associations with which it engages and those surveyed represent the overall reporting entity population.

Survey fieldwork began on 29 May and closed on 19 June 2023. Participants were emailed a unique, secure survey link to access the survey online. In this initial tranche of survey fieldwork, we received a small response rate resulting in a high margin of error for the results. To improve response rates, we re-opened this survey from 12 to 17 July 2023 and contacted all participants directly to request their completion of the survey. Overall, 9 responses were received. Although this is considered to be a sufficient sample size from which to draw a conclusion, due to the small overall sample size, there is a $\pm 27\%$ margin of error at the 95% confidence interval. In other words, we can be 95% confident the real result for measures 2.3, 3.4 and 3.5 is within 27 percentage points of the reported result. However, we have assessed measures 2.3 and 3.4 to be not achieved as statistically they have not met the target.

INTELLIGENCE PARTNER SURVEY

For measures 2.5 and 4.3, survey participants consisted of recipients of AUSTRAC's intelligence products from our:

- domestic partners – Australian federal government departments or agencies, Australian law enforcement agencies, Australian state or territory departments or agencies and Fintel Alliance members.
- international partners – foreign FIUs with whom we have MOU for sharing intelligence and data.

Survey fieldwork began on 30 May and closed on 21 June 2023. JWS Research disseminated the survey to domestic partners whilst our international partners were provided the survey through our secure international information exchange platform. Eighty partners were surveyed, consisting of 39 domestic and 41 international partners. 57 stakeholder participants (from 29 partners) completed the survey consisting of 20 domestic and 37 international respondents.

There was a change in our survey distribution methodology between 2021–22 and 2022–23 for this survey. In 2021–22, a single survey link was provided to all participants. Where there were multiple responses from one partner agency, each response was given an equal weighting. The single survey link meant there was no information about how many partner agencies were represented, only the total number of respondents.

In 2022–23, to align with our updated centralisation model for dissemination of our intelligence products, the survey was provided to a central contact within our partner agencies along with a request that they distribute this to other stakeholders within the agency who received intelligence products. Multiple responses from one partner agency were weighted to be counted once as part of the data. For example, this meant that responses from 7 people in one partner agency would carry the same weight in the final analysis as a single respondent from another partner agency. This weighted approach was assessed to be more appropriate and indicative of overall partner sentiment, and guards against disparities in partner approaches to completing surveys.

Once collected, data was de-identified and results were provided as an average of all responses (similar to 2021–22). This change in methodology has impacted comparability of data between reporting periods. This weighted approach will be used to assess performance moving forward.

103

FINTEL
ALLIANCE



ABOUT FINTEL ALLIANCE

Fintel Alliance is an AUSTRAC initiative, established in 2017 as a public-private partnership 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, and 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 (ML/TF).

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

FINTEL ALLIANCE OPERATIONS

Fintel Alliance enables government, law enforcement and industry partners to collectively focus on emerging crimes or complex crimes requiring a joint 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 financial environment. At the closure of a project, an evaluation captures and shares learnings before the effort is transitioned into standard operational activity.

Principal themes of operation

Fintel Alliance's principal themes of operation 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 taskforces 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, regional programs and collaborate with regional partners
- technology and sophistication—responding to the most complex money laundering typologies, through innovative approaches to data and information.

2022–23 OPERATIONAL STRATEGY

The Fintel Alliance operational strategy outlines its key initiatives and strategic enablers, as well as how it will achieve desired outcomes and measure success.

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

Fintel Alliance places high priority on complex pieces of work that benefit from the partnership's collective capabilities. Its work program aims for greater understanding of a crime type, identification and targeting of suspected offenders. Information sharing and collaboration occurs through methods including working groups, co-located operations hubs in Sydney and Melbourne, legal notices and suspicious matter reports (SMRs).

This reporting period saw the Fintel Alliance Executive Board encourage Fintel Alliance partners to collaborate on financial crime problems with a broader range of partners in Australia and internationally. The Executive Board also steered Fintel Alliance partners towards addressing the following challenges:

- strengthening efforts to protect members of the community
- engaging with a wider range of partners
- combating threats to national security
- uniting international public-private partnership efforts to combat financial crime
- expanding the use of joint AUSTRAC and industry capabilities.

Suspicious matter reporting by theme of operation

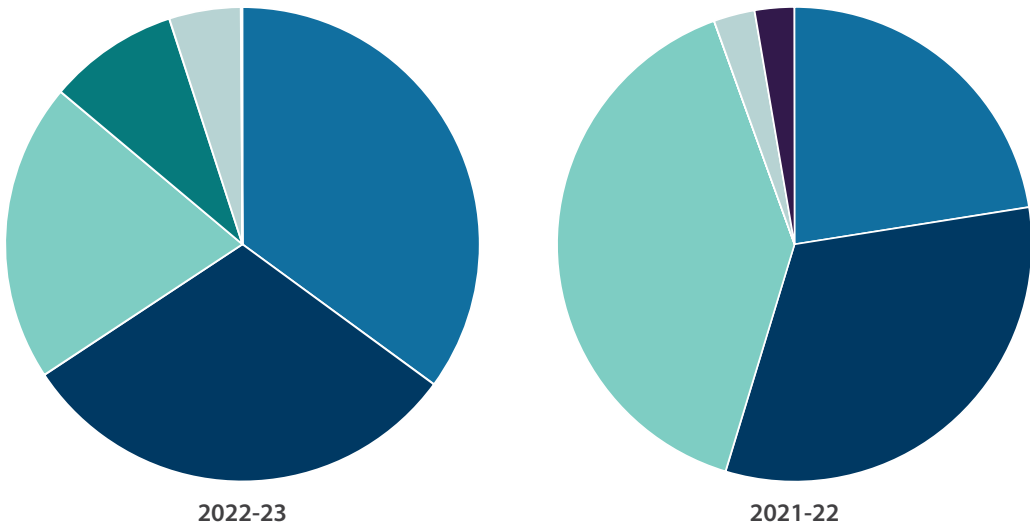
Reflecting the changing environment and in response to the Fintel Alliance Executive Board challenges, Fintel Alliance redirected its response from targeting fraud against government support programs in 2021–22. In 2022–23 it applied focus on crimes affecting the community, addressing the evolving risk in technology and exploring networked and complex financial crime matters.

Over 2022–23 AUSTRAC received 8,433 SMRs relating to the Fintel Alliance work program—a significant increase from 2021–22 (5,348). A matured focus on fraud from Fintel Alliance partners saw a reduction in the number of SMRs concerning the exploitation of government revenue. This quantitative drop was offset by an increase in the quality of reporting, with reports providing a greater picture of suspected offending.

This financial year, engaging with non-traditional domestic and international partners was achieved through the following initiatives:

- introducing an environmental crime project examining the link between environmental crime and money laundering
- growing a virtual assets working group to enable greater sharing of insights, and better understand and respond to ML/TF and other serious crimes involving digital assets
- participating in an innovative, new, international public-private partnership known as Project Anton, aimed at improving awareness and understanding of the threat posed by the illegal wildlife trade.

SMRs received relating to the Fintel Alliance work program by type



Theme	2022-23		2021-22	
Networked and complex financial crime	2,958	35.1%	1,202	22.5%
Crimes affecting our most vulnerable community members	2,587	30.7%	1,721	32.2%
Exploitation of government revenues	1,718	20.4%	2,126	39.8%
Technology and sophistication	749	8.9%	2	0.0%
Supporting nationally significant taskforces and campaigns	416	4.9%	151	2.8%
Responding to regional and community harms	5	0.1%	146	2.7%
TOTAL	8,433	100%	5,348	100%

Addressing the challenges put forward by the Fintel Alliance Executive Board resulted in an increase in reporting on crimes affecting vulnerable members of the community, and networked and complex financial crime. These increases in SMRs fed directly into supporting national efforts to disrupt crime, including in the work of the Australian Centre to Counter Child Exploitation (ACCCE), protection of the National Disability Insurance Scheme (NDIS) and support of national and jurisdictional taskforces combating money laundering.

OPERATIONAL HIGHLIGHTS

Strengthening efforts to protect the community

During 2022–23 significant strides were made in the advancement of projects designed to safeguard the community, aid in the apprehension of wanted fugitives and protect children from harm.

ABDUCTION OF A 5-YEAR-OLD CHILD IN THE NORTHERN TERRITORY (NT)

In August 2022 Fintel Alliance was engaged after the abduction of a 5-year-old child in the NT, through the provision of real-time monitoring to law enforcement. Fintel Alliance identified operational opportunities, including identifying relevant purchases by a network of involved people. The ongoing assistance of Fintel Alliance led to a number of measures being used to apply pressure to the wider group, and the child safely being recovered by law enforcement.

Payment reference project

The payment reference project was established in November 2020 to target, detect and disrupt the use of text fields in financial payments as a method of criminal communication or domestic abuse. A focus of the project was payments sent to communicate or intimidate, rather than to transfer value or purchase goods and services.

As a result of the project, some financial services providers implemented new capabilities and internal controls to block and monitor activity in payment text fields, such as blocking abusive or offensive messages. Fintel Alliance intelligence sharing has been key to raising awareness of new online abuse avenues and protect vulnerable members of our community.

This year, the project generated outcomes including:

- 868 SMRs received by AUSTRAC relating to the use of the payment reference field
- 145 AUSTRAC-generated intelligence reports for law enforcement partners
- 5 persons of interest arrested and charged for criminal activity identified in payment text fields
- multiple law enforcement interventions to assist members of the public with mental health disorders, and welfare checks for victims whose safety was compromised.

DOMESTIC VIOLENCE OFFENDER ARRESTED

AUSTRAC referred an incident to New South Wales (NSW) Police Force, who identified an individual as a high-risk domestic violence offender with outstanding arrest warrants. The messages contained in the payment reference field and identified by the financial institution were breaches of the perpetrator's enforceable apprehended domestic violence order. Law enforcement leveraged Fintel Alliance to gain assistance from the financial institution in identifying the location of the individual, who in April 2023 was arrested and charged as a direct result of Fintel Alliance intervention.

Protecting children from sexual exploitation

Child sexual exploitation is a form of child abuse where offenders and facilitators use their power, either physical, financial or emotional, over a child or young person to sexually or emotionally abuse them. The impact of child sexual exploitation is far reaching and the nature of offending requires a joint approach by government, industry and the wider international community to identify and stop this activity, and prosecute offenders.

In collaboration with the financial industry, AUSTRAC, the Australian Federal Police (AFP) and ACCCE identified over 800 Australia-based mules operating over 1,500 accounts across an array of Australian financial institutions that had been sending money from victims to offshore crime syndicates. This result was part of the AFP-led Operation Huntsman.

LEVERAGING THE AUSTRAC-LED FINTEL ALLIANCE TO PROVIDE INSIGHTS, EDUCATION AND SUPPORT TO INDUSTRY AND MEMBERS OF THE PUBLIC

As part of Operation Huntsman, AUSTRAC and the ACCCE partnered to stop criminal networks, by targeting Australian money mules using their bank accounts to transfer the proceeds of child sexual extortion ('sextortion') scams from distressed victims to offshore criminal syndicates.

Sextortion is a form of blackmail where someone threatens to share a nude, sexual image or video unless the victim surrenders to their demands, usually for financial gain. Teenagers have become primary targets of sextortion, which has led to an alarming rise in self-harm, usually within only a few hours of the victim being first contacted by an offender.

Financial institutions in Australia play a leading role in reducing the number of children becoming victims to sextortion scams. Targeted posters have been developed and are now displayed in customer-facing areas of financial institutions. These are aimed at empowering frontline banking staff to identify and report sextortion victims and offenders to the ACCCE. Australian financial institutions have provided unprecedented support to manage the risk posed by hundreds of Australian money mules, operating thousands of bank accounts. Despite this, analysis conducted by AUSTRAC and the ACCCE shows sextortion continues. The posters will assist children and financial institutions in the critical first few hours of this crime. There is a QR code displayed on the posters that links to tailored resources that help victims understand they are not alone, and to assist in finding the support they need.



Poster produced by Operation Huntsman

Apprehension of fugitives

Fintel Alliance partnered with the AFP to apprehend 7 of Australia's most wanted fugitives, through the sharing and analysis of financial intelligence. Fugitives in Australia and overseas, who are the subject of arrest warrants for crimes including murder, manslaughter, child exploitation, drug trafficking, money laundering and serious fraud, have been arrested.

In July 2022 NSW Police Force, in conjunction with Fintel Alliance, undertook efforts to locate and arrest some of the state's most wanted fugitives who presented a risk to the community. This was done using actionable intelligence during a dedicated 'Week of Action'. The collective resources of partners were prioritised over 2 days to operationalise financial intelligence to locate, target and arrest offenders.

NSW POLICE FORCE QUOTE

'Thank you for the opportunity to participate in the Week of Action. The entire concept of using financial intelligence that is available to police at short/live notice cannot be underestimated. The information that has been provided to police during the Week of Action has provided further investigative avenues. It has also raised the profile of several offenders and reiterated the need for them to be arrested. These include violent offenders as well as serious domestic violence offenders'.

The following figures give insight into the value of the Week of Action and outcomes achieved by industry and government working together:

- 13 high-risk community offenders were profiled
- 2 high-risk violent offenders were located and arrested
- 34 SMRs submitted
- over 150 investigative leads aiding covert police strategies
- 2 intelligence reports generated, identifying 6 fugitives residing outside of NSW.

SUPPORTING THE AFP TO TRACK DOWN AN INTERNATIONAL FUGITIVE

Leveraging Fintel Alliance in December 2022, the AFP's Fugitive Apprehension Strike Team (FAST) used Fintel Alliance's capabilities to assist in locating a fugitive wanted on numerous historic child sex-related charges in the UK.

Financial intelligence provided by Fintel Alliance helped FAST establish the fugitive's pattern of life and influenced the team's operational decisions.

With the support of Fintel Alliance, FAST located and arrested the fugitive, who was hiding in an area close to their home address. The fugitive is now subject to extradition to the UK.

Supporting the NDIS

The NDIS provides eligible Australians, who have a permanent or significant disability, with funding to assist them in their daily life. Administered by the National Disability Insurance Agency (NDIA), the scheme can be subject to abuse by criminals. As a preventative measure, Fintel Alliance, in collaboration with the NDIA, published a financial crime guide to help the financial services sector to identify, monitor and report suspected misuse against the NDIS.

During 2022–23, 355 SMRs identified suspected NDIS fraud and were referred to the NDIA for further investigation. Of these, 264 were accepted by NDIA for assessment, and 91 were linked to an existing fraud matter or investigation. From the 264 accepted referrals, 114 were assessed for further review and 10 were directed for compliance treatment. At the time of publication, the remaining 140 matters are progressing through NDIA's triage phase or are subject to further analysis.

These referrals led to an increase in the value of financial intelligence and preventing the misuse of funds intended to improve outcomes for those that need it most. SMR information has been used to investigate NDIS funds:

- fraudulently sent offshore
- laundered through the Australian financial system
- spent on gambling activity
- used to illegally purchase assets such as property and vehicles
- connected to criminal networks.

The NDIA requested financial information from AUSTRAC to support an investigation into suspected NDIS fraud. The information established a connection between the suspected offender and a newly-established business, believed to have been created in response to previous NDIA intervention. This insight supported NDIA's response and prevented further funds being paid to a fraudulent NDIS provider, and protected many vulnerable members of the community.

EXPANDING THE REACH OF FINTEL ALLIANCE

Fintel Alliance partners include major banks, remittance service providers and gambling operators, as well as law enforcement and security agencies from Australia and overseas. During 2022–23 Fintel Alliance worked with a wider range of partners on operations and projects to achieve greater outcomes for the Australian community.

Environmental crime

Expanding on stopping stopping illegal wildlife trafficking, Fintel Alliance commenced an environmental crime project in November 2022 with the Department of Climate Change, Energy, the Environment and Water (DCCEEW) and Department of Agriculture, Fisheries and Forestry (DAFF).

ILLEGAL EXPORTATION OF TIMBER TO CHINA

In 2020 China imposed a ban on Australian timber. Fintel Alliance worked with DAFF to identify individuals and companies attempting to circumvent the ban by using transit countries in South-East Asia to move the timber to China.

Through the sharing of information between agencies, Fintel Alliance was able to provide intelligence products that analysed SMRs and IFTIs to identify changes in methodology and behaviour prior to the ban and after the ban came into effect. This intelligence assisted DAFF and their partners in identifying timber in transiting containers likely destined for China.

ILLEGAL EXPORTATION OF WASTE TYRES

In December 2020 Australia became one of the first countries to ban the export of unprocessed waste overseas. The ban included end-of-life bald tyres or tyres in pieces larger than 150mm. DCCEEW requested AUSTRAC information to explain trading relationships between businesses suspected of illegally exporting whole bald tyres. Financial analysis, with network analysis, of AUSTRAC holdings identified overseas companies purchasing end-of-life tyres from Australia. The financial analysis also identified transportation and shipping companies used to ship the tyres overseas.

Through the use of financial intelligence, Fintel Alliance was able to work with DCCEEW to disrupt the illegal exportation of waste and in turn, address the ongoing effects of environmental waste.

COMBATING THREATS TO NATIONAL SECURITY

The Fintel Alliance National Security Working Group is a trusted partnership between government, law enforcement and private industry that leverages financial intelligence, forensic accounting, criminal investigative skills, and national security knowledge. The working group focused on identifying terrorism financing risks and developing protocols to support the Joint Threat Financing Group in crisis situations.

Areas of focus for 2022–23 included:

- streamlining national security crisis coordination processes
- developing and maintaining a dynamic set of financial indicators and data analysis tools to identify national security and terrorism financing risks across all motivational spectrums.

UNITING INTERNATIONAL EFFORTS

Over the last 5 years, public-private partnerships have demonstrated the value of engaging law enforcement, government and key financial institutions in the fight against financial crime. Partnerships in Five Eyes countries have led the way in identifying opportunities to disrupt and deter crimes impacting the domestic and international community.

PROJECT ANTON

Project Anton is an innovative, new, international public-private partnership aimed at improving awareness and understanding of the threat posed by the illegal wildlife trade, and targeting the laundering of proceeds from this crime both domestically and internationally.

Project Anton is named after Anton Mzimba, Head of Security at the Timbavati Private Nature Reserve and a Global Conservation Technical Advisor, who was murdered for his brave commitment to protecting and conserving wildlife.

By following the money and generating actionable financial intelligence for law enforcement partners around the world, Project Anton is assisting in identifying, pursuing and prosecuting perpetrators—and broader networks—linked to illegal wildlife trade.

Project Anton is led by Scotiabank and supported by the Royal Foundation's United for Wildlife network, FINTRAC (Canada's FIU), AUSTRAC's Fintel Alliance, the South African Anti-Money Laundering Integrated Task Force, UK FIU—National Crime Agency, Western Union, Environment and Climate Change Canada, Fisheries and Oceans Canada, Royal Canadian Mounted Police, Canada Border Services Agency, and Wildlife Justice Commission.

Fintel Alliance participated by engaging and contributing to FINTRAC's operational alert on the illegal wildlife trade in Canada, and is continuing to support this project through sharing tactical and strategic-level financial intelligence.

PROJECT ANTON CONT.

Fintel Alliance continues to perform a leadership role in the project, providing insights and lessons learnt from our own award-winning illegal wildlife trafficking project, and identifying opportunities for a collective approach to progress the investigation of this crime type successfully.

International engagement —round table update

Fintel Alliance seized the opportunity to establish a quarterly round table between Five Eyes FIUs. This financial year, the focus was:

- sharing learnings on disrupting terrorism financing and professional money laundering, fighting the illegal wildlife trade
- combating child exploitation and human trafficking, and understanding how financial systems are misused to cause harm to vulnerable individuals.

The quarterly round table 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. The next year will see the round table continue to seek opportunities to collaborate across borders to fight criminal abuse of financial systems globally.

International engagement —non-fungible tokens (NFTs) threat alert

As a result of the collaborative efforts of the virtual assets working group, Fintel Alliance released a threat alert on the financial crime risks of NFTs. The threat alert helps Fintel Alliance partners and digital currency exchange providers to understand NFTs, how criminals exploit their vulnerabilities and the associated risks, and financial crime indicators.

In addition to Fintel Alliance partners and digital currency exchange providers, the threat alert was presented to the FATF Virtual Assets Contact Group and shared with international partners, including the Five Eyes Alliance, Eurasian Group on Combating Money Laundering and Financing of Terrorism, and the Asia/Pacific Group on Money Laundering.



EXPANDING THE USE OF JOINT AUSTRAC AND INDUSTRY CAPABILITIES

Fintel Alliance working groups provide partners with an opportunity to collaborate and share knowledge on trends, emerging issues and methodologies that are identified during the course of day-to-day operations. The information shared by the financial services, gambling and remittance sectors is critical in helping AUSTRAC and government partners identify and dismantle criminal networks moving the proceeds of crime through Australian bank accounts.

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 the Australia and New Zealand Banking Group Ltd, AUSTRAC, National Australia Bank and the Australian Taxation Office. The working group presents a forum for sharing information to identify, disrupt and prevent tax crime and evasion, with an additional focus on engaging with international partners. Over the past 12 months, the key areas of focus have been tax refund fraud, virtual assets, professional enablers and property development.

Operation of the working group has assisted in the development of industry and government knowledge and capacity to combat and disrupt tax crime, through the enhanced use and application of financial intelligence. In preparation for tax time 2023, a threat alert on tax refund fraud was shared with the financial sector to help with the identification of fraudulent claims. Financial intelligence has been embedded into investigations to identify and disrupt tax crime, and cultivated domestic and international partnerships to showcase best practices that enable a coordinated and collaborative response to combating tax crime and evasion. These efforts provide for a safer community for Australian financial services customers, and protection of government revenues.

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 in 2022 to work with leading digital currency exchange providers. Following an initial 12-month proof-of-concept, the group expanded participation as other Fintel Alliance partners joined to share insights and learnings.

The working group brings together experts from digital currency exchange providers, law enforcement and government agencies in the fight against ML/TF and other serious crime. In the first 18 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
- 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. This year the focus of the working group was: disrupting ML/TF enabled by cryptocurrency; awareness and prevention of cryptocurrency-related scams; and combating child exploitation where virtual assets are part of the typology.

Casino Working Group

Fintel Alliance presents an opportunity for Australian casinos, government and law enforcement agencies to work closely in the fight against financial crime impacting the community. Recognising this opportunity, the Fintel Alliance Casino Working Group was established in May 2023 to identify and respond to the money laundering risks within casinos.

The working group brings together financial crime leads from law enforcement, AUSTRAC and other government agencies, with representatives of all Australian casinos. Working groups are established as a forum for practitioners and investigators to share knowledge and learnings to target crime. Although early into its inception, AUSTRAC is eager to pursue this unique alliance and is confident the group will produce positive outcomes for the Australian public and gaming sector.

Child Sexual Exploitation Working Group

Child sexual exploitation is a heinous crime that extends across borders and adversely impacts victims and communities. Child sexual exploitation for financial gain involves a child being coerced or manipulated into engaging in forced sexual activity for financial benefit.

It is crucial for law enforcement agencies, government agencies, financial institutions and not-for-profit organisations to work in partnership to disrupt payments for child sexual exploitation material, and stop the abuse of victims. In 2021 a working group was established to target, disrupt and deter this offending and consisted of trusted partners across government, industry, the Australian Institute of Criminology and the International Coalition for Missing and Exploited Children.

This partnership resulted in the development and release in 2022 of the *Combating the sexual exploitation of children for financial gain* financial crime guide.²⁸ The guide assists government agencies and financial service providers, including remittance service providers and digital currency exchange providers, to understand and identify signs of the purchase of child sexual exploitation material, and when appropriate, to report suspicious financial activity.

The financial crime guide provides a comprehensive picture of environmental and social factors, and financial indicators to help with the fight against child exploitation. It includes learnings and insights gained since the 2019 release of the *Combating the sexual exploitation of children for financial gain—Activity indicators* report, and highlights the importance of working in partnership to combat child exploitation in Australia and overseas.

Together the working group achieved:

- monthly collaboration forums, delivering presentations from domestic and international subject-matter experts
- participants' expertise directly contributing to the development of financial indicators and drafting the content for the financial crime guide
- a 13.9% increase in child sexual exploitation suspicious matter reporting, compared to the same period last year
- AUSTRAC and the AFP-led ACCCE's publication of infographic posters for Australian banking institutions to help fight the growing issue of sextortion.



²⁸ austrac.gov.au/business/how-comply-guidance-and-resources/guidance-resources/combating-sexual-exploitation-children-financial-gain

Trade-based Money Laundering Working Group

International trade is an attractive avenue for criminals, as it presents risks and vulnerabilities that they can exploit. Criminals engaged in trade-based money laundering use the trade of goods and services to move illicit money into and out of Australia and around the world. Trade-based money laundering schemes vary in complexity and can be challenging to detect, as they can involve multiple parties and jurisdictions and misrepresent the prices, quantity or quality of imported or exported goods.

Fintel Alliance, in partnership with the Australian Border Force, developed a financial crime guide²⁹ released in October 2022 to assist government agencies and financial services providers to understand and identify trade-based money laundering. The guide was a culmination of the efforts and insights of the Trade-based Money Laundering Working Group that closed in June 2022.

- 'This guide on preventing trade-based money laundering is a timely contribution to countering the exploitation of the trade system as a means for financial crime. It will be beneficial in gaining an understanding of this activity for anyone in the trading community, and help government agencies in their efforts to identify, prevent and disrupt organised criminality through trade'. —Australian Border Force
- 'The guide definitely provides valuable insights on the TBML indicators and typologies, a comprehensive reference not only can be utilised for raising the awareness of frontline/operations teams, also for the evaluation of the relevant controls to explore any enhancement opportunity'. —Feedback from a financial institution.



²⁹ austrac.gov.au/business/how-comply-guidance-and-resources/guidance-resources/preventing-trade-based-money-laundering-australia

Dismantling criminal networks

Professional money laundering schemes vary in complexity and can be challenging to detect, as they can involve multiple parties and jurisdictions. Fintel Alliance partners recognise professional money laundering schemes as a serious risk and use the partnership to identify, target and disrupt this offending, to protect businesses, the community and the Australian economy. This involves working with law enforcement partners in money laundering or criminal asset confiscation investigations.

OPERATION AVARUS-MIDAS

In February 2023 the AFP's Operation Avarus-Midas charged 9 members of an international money laundering organisation and restrained over \$150 million in Australian real estate, as well as significant restraints of cryptocurrency, luxury watches, vehicles and jewellery. As part of the investigation, the AFP approached Fintel Alliance and worked with industry to increase the multilateral capability of financial intelligence using AUSTRAC's expertise. The AFP identified criminal groups in Australia and offshore allegedly using a money laundering organisation to filter their proceeds of crime through legitimate financial and business structures, to hide their criminal activities from law enforcement. AUSTRAC will use these learnings as opportunity to explore money laundering risk indicators and improve detection processes.

PARTNERS

- AUSTRAC
- Australia and New Zealand Banking Group Limited
- Australian Border Force
- Australian Competition and Consumer Commission
- Australian Criminal Intelligence Commission
- Australian Federal Police
- Australian Financial Crimes Exchange Ltd
- Australian Government Treasury
- Australian Securities and Investments Commission
- Australian Taxation Office
- Bendigo and Adelaide Bank Ltd
- Commonwealth Bank of Australia
- Deakin University
- Department of Home Affairs
- HSBC Bank Australia Limited
- Macquarie Bank Limited
- MoneyGram Payment Systems Inc.
- National Australia Bank Limited
- 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
- Services Australia
- Tabcorp Ltd
- Western Australia Police Force
- Western Union Financial Services (Australia) Pty Ltd
- Westpac Banking Corporation

122

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 clear 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. In 2022–23 we undertook a review of committee standard operating procedures and templates, to ensure they continued to support decision making and advice in the agency in the most efficient and effective way possible.

More information about our organisational structure, capabilities and senior executives and their responsibilities is in the Key capabilities section of this report.

GOVERNANCE COMMITTEE

The Governance Committee (GC) is AUSTRAC's principal decision-making committee and is responsible for the strategic operations of the agency. It is chaired by the AUSTRAC CEO and comprises Deputy CEOs. AUSTRAC's Chief of Staff attends as an observer and AUSTRAC national managers attend as required, to provide briefings and advice. The GC 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—supports effective program governance by 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
- Data Sub-Committee—provides advice and oversight on all AUSTRAC data assets across the life cycle of the data, covering all AUSTRAC data assets including AUSTRAC's main transaction data assets, operational and supplementary data and corporate data.

AUDIT AND RISK COMMITTEE


AUSTRAC's Audit and Risk Committee (ARC) 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 ARC Charter, which is endorsed by the CEO annually and is on the AUSTRAC website.³⁰


In 2022–23 the ARC comprised 4 external members, including the Committee Chair.

Table 18: Audit and Risk Committee members for 2022–23

Member name	Qualifications/knowledge/skills/experience	Number of meetings attended/ total number of meetings	Total annual remuneration
Mr Geoff Knuckey (Committee Chair)	<ul style="list-style-type: none">32-year career with Ernst & Young specialising in audit and assurance services in both the public and private sectors across a range of industries.Full-time company director and audit committee member since 2009, serving on boards for multiple private sector entities.Extensive experience as an Audit Committee member and Chair and 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.	5/5	\$13,345.50

³⁰ 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
Ms Elizabeth Montano	<ul style="list-style-type: none"> Over 25 years' experience as a non-executive chair, deputy chair and member of boards and audit committees across a range of government and not-for-profit entities in regulation, law enforcement, scientific research, service delivery and social justice programs. Extensive experience in governance and the machinery of government including in financial and performance reporting, risk, assurance, and program and project management and oversight. Bachelor of Arts and Bachelor of Laws (UNSW) and Fellow of the Australian Institute of Company Directors. Former CEO of AUSTRAC, ASIC SES Officer responsible for corporate law, and former financial services Consultant and senior lawyer with King & Wood Mallesons. As CEO of AUSTRAC, first woman to lead a Commonwealth law enforcement/ regulatory agency. 	5/5	\$15,308.55

Member name 	Qualifications/knowledge/skills/experience	Number of meetings attended/ total number of meetings	Total annual remuneration
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 5 audit and risk committees. Former Partner for Oakton's ICT Assurance and Security business, advising many organisations in the management of risk and cyber security. Experience conducting assurance and cyber security 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. Vice-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. 	4/5	\$5,874.88

Member name	Qualifications/knowledge/skills/experience	Number of meetings attended/ total number of meetings	Total annual remuneration
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	\$19,354.49

PLANNING AND PERFORMANCE REPORTING

AUSTRAC's 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 capabilities.

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. All of AUSTRAC's branches had an endorsed plan in place throughout 2022–23, 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 3 times a year. This process ensures the GC 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 GC and ARC support the CEO's oversight of risk management and the application of the framework across the agency.

During 2022–23 AUSTRAC further enhanced our framework to align with changes to the Commonwealth Risk Management Policy, ensuring it remains appropriate for our operating environment and embeds a positive risk management culture within the agency. Our approach to risk management includes identifying areas of emerging and strategic risk which, if realised, could affect our ability to achieve our purpose and objectives.

Deputy CEOs are accountable to the CEO for management of risk in the agency. Our risk management policy and risk management framework empower Deputy CEOs and the broader executive cohort to use their professional judgement and experience to make risk informed decisions. It also enables them to provide direction for applying risk management approaches across their divisions and branches, in line with the agency's risk appetite and tolerance, and our governance and accountability arrangements. All staff in the agency actively contribute to risk management by identifying, assessing, controlling, communicating, monitoring and reporting risks in accordance with AUSTRAC's risk management policy and risk management framework.

INTERNAL AUDIT

AUSTRAC's internal audit function provides objective, independent assurance to the CEO regarding the efficiency and effectiveness of the agency's financial and operational controls. It is designed to add value and improve AUSTRAC's operational capability. The annual internal audit work plan takes into consideration agency-wide and organisational business unit risks, previous and proposed Australian National Audit Office (ANAO) coverage, previous internal audit coverage and environmental changes (actual or anticipated). The program is approved by the AUSTRAC CEO and is delivered using an external audit service provider. It seeks to ensure a systematic and disciplined approach is used to evaluate and improve the effectiveness of risk management, control and governance processes in response to operating environment changes and business risks. The ARC provides independent, objective assessments of the audits undertaken and actions taken by AUSTRAC in response to audit recommendations.

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 (APS) Values and Code of Conduct.

AUSTRAC has continued to adopt improvements to mature our fraud and corruption detection and resilience. We are currently reviewing and enhancing our insider threat frameworks and policies. We also participate in regular Commonwealth Senior Officer Fraud Forum meetings and are involved in communities of practice which have helped share knowledge and grow relationships across the APS between integrity and fraud prevention officers.

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.

A fraud and corruption risk assessment was completed in 2023 to test ongoing effectiveness and suitability of AUSTRAC fraud and corruption control measures. This risk assessment found that the controls and mechanisms AUSTRAC has in place to manage fraud risks and corruption are adequate.

SIGNIFICANT NON-COMPLIANCE ISSUES WITH FINANCE LAW

During 2022–23 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 Framework³¹ and upholds children's rights. 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. AUSTRAC continues to identify, and with partners:

- disrupt payments linked to child exploitation
- prevent and disrupt livestreamed child sexual abuse
- intercept material and offenders at the border
- identify possible offending within the community.

31 chilfsafety.pmc.gov.au/what-we-do/commonwealth-child-safe-framework

Our Fintel Alliance works collaboratively with law enforcement and industry partners to proactively identify transactions that relate to child sexual exploitation. In December 2022 we released a financial crime guide on combating sexual exploitation of children for financial gain. During 2022–23 AUSTRAC was involved in Operation Huntsman, an AUSTRAC and Australian Federal Police/Australian Centre to Counter Child Exploitation-led operation targeting the sextortion of minors for financial gain. Refer to the Fintel Alliance section (page 103) of this report for more information on AUSTRAC's efforts on protecting children from sexual exploitation.

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 prevent 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.

EXTERNAL SCRUTINY

MINISTERIAL AND PARLIAMENTARY OVERSIGHT

Throughout 2022–23 AUSTRAC was under the ministerial oversight of the Attorney-General. 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 2022–23 AUSTRAC witnesses appeared before the Senate Legal and Constitutional Affairs Legislation Committee at Budget Estimates and Supplementary Estimates hearings.

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 replaces the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

AUSTRAC's IPS plan is available on the AUSTRAC website.³²

In 2022–23 AUSTRAC received 403 FOI requests for 5,815 pages.

Table 19: Freedom of information requests

Financial year	Requests received	Number of pages considered during the period
2022–23	403	5,815
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.

32 austrac.gov.au/about-us/corporate-information-and-governance/freedom-information/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 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 2022–23, 6 new reportable consultancy contracts were entered into involving total actual expenditure of \$146,493. In addition, 2 ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$305,067.

*Table 20: Reportable consultancy contracts
2022–23*

Reportable consultancy contracts	Number	Expenditure
New contracts entered into during the reporting period	6	\$146,493
Ongoing contracts entered into during a previous reporting period	2	\$305,067
Total	8	\$451,559

Table 21: Top 5 organisations receiving share of reportable consultancy contract expenditure 2022–23

Organisations receiving a share of reportable consultancy contract expenditure	Expenditure	Proportion of 2022–23 total spend
Synergy Group Australia Pty Ltd (ABN 65 119 369 827)	\$253,532	56%
Chartertech Pty Ltd (ABN 30 617 464 990)	\$53,818	12%
Callida Pty Ltd aka Callida Consulting (ABN 40 154 007 664)	\$51,535	11%
Protiviti Pty Ltd (ABN 27 108 473 909)	\$44,550	10%
Sheridan Consulting Group Pty Ltd (ABN 26 608 291 274)	\$37,125	8%

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 2022–23 were made in accordance with the PGPA Act and related regulation including 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 it requires specialist expertise on financial modelling or policy design, independent review or assessment of agency processes.

During 2022–23 AUSTRAC did not exempt any contracts valued at more than \$10,000 (GST inclusive) from publication on AusTender.

EXPENDITURE ON REPORTABLE NON-CONSULTANCY CONTRACTS

Table 22: Reportable non-consultancy contracts 2022-23

Reportable non-consultancy contracts	Number	Expenditure (GST inclusive)
New contracts entered into during the reporting period	96	\$15,470,373
Ongoing contracts entered into during a previous reporting period	219	\$30,282,843
Total	315	\$45,753,216

Table 23 represents the top 5 organisations receiving a share of reportable non-consultancy contract expenditure 2022–23.

Table 23: Organisations receiving a share of reportable non-consultancy contract expenditure 2022-23

Organisations receiving a share of reportable non-consultancy contract expenditure	Expenditure (GST inclusive)	Proportion of 2022–23 total spend
Palantir Technologies Australia Pty Ltd (ABN 48 144 948 309)	\$3,837,489	8%
The Trust Company Australia Ltd (ABN 59 004 027 749)	\$3,133,429	7%
The Recruitment Hive (ABN 13 155 397 541)	\$2,981,058	7%
MCR Computer Resources Pty Ltd (ABN 74 003 647 943)	\$2,063,117	5%
Walker Collins Street Building 4D Pty Ltd (ABN 13 937 361 681)	\$1,994,353	4%

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.

Australian National Audit Office access clauses

In 2022–23 AUSTRAC entered into 2 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 24: 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
SDFC Australia Pty Ltd t/a Salesforce	\$183,806.31	Software Licences	The Supplier Terms were used for this contract. These terms did not provide for Auditor-General access to the contractor’s premises.
Refinitiv Australia Pty Ltd	\$354,258.30	Online Information Subscription Services	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 and small enterprise participation statistics are available on the Department of Finance’s website at: finance.gov.au/government/procurement/statistics-australian-government-procurement-contracts.

Our procurement practices support small and medium business enterprises by:

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

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

ADVERTISING AND MARKET RESEARCH

During 2022–23 AUSTRAC did not conduct any advertising campaigns. The following payments were made to media advertising agencies in 2022–23:

- \$73,462.00 (exclusive of GST) to Department of Home Affairs for media monitoring services
- \$10,710.40 (exclusive of GST) to CCH Australia Limited for media monitoring services
- \$98,775.58 (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 2023 was \$6,943,587 (exclusive of GST).

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

- \$5,275,043 (exclusive of GST) was spent on purchasing external legal services.
- \$1,668,544 (exclusive of GST) was spent on purchasing internal legal services.

ASSET MANAGEMENT

Asset management is not a significant part of AUSTRAC's activities. Management of AUSTRAC's assets is governed by the Accountable Authority Instructions and supporting financial management procedures in accordance with government best practice. AUSTRAC maintains an asset register and conducts a stocktake annually to ensure the accuracy of the information recorded on the asset register. AUSTRAC's fixed assets include internally developed and purchased software, office fit outs and computer equipment. Further details on AUSTRAC's asset policies are contained in the Financial Statements.

GRANTS

AUSTRAC did not award any grants during 2022–23. Information on grants awarded by the Australian Government is available on the Australian Government GrantConnect website (www.grants.gov.au).

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.

AUSTRALIAN PUBLIC SERVICE (APS) NET ZERO 2030 EMISSIONS REPORTING

APS Net Zero 2030 is the Government's policy for the APS to reduce its greenhouse gas emissions to net zero by 2030, and transparently report on its emissions. As part of this, non-corporate and corporate Commonwealth entities are required to report on their operational greenhouse gas emissions.

The Greenhouse Gas Emissions Inventory presents greenhouse gas emissions over the 2022–23 period. Results are presented on the basis of Carbon Dioxide Equivalent (CO₂-e) emissions. Greenhouse gas emissions reporting has been developed with methodology that is consistent with the Whole-of-Australian Government approach as part of the APS Net Zero 2030 policy. Not all data sources were available at the time of the report and adjustments to baseline data may be required in future reports.

Table 25: Greenhouse gas emissions inventory—location based method 2022–23

Emission source	Scope 1kg ³³ CO ₂ -e	Scope 2kg ³⁴ CO ₂ -e	Scope 3kg ³⁵ CO ₂ -e	Total kg CO ₂ -e
Electricity	N/A	323,791	29,741	353,532
Natural gas	0	N/A	0	0
Fleet vehicles	734	N/A	187	921
Domestic flights	N/A	N/A	216,013	216,013
Other energy	0	N/A	0	0
Total kg CO₂-e	734	323,789	265,228	589,797

The total emissions for electricity, as calculated using a market based approach are found in Table 26. The market based method accounts for activities such as Greenpower, purchased Large-Scale Generation Certificates (LGC)³⁶ and/or being located in the ACT.

Table 26: Greenhouse gas emissions inventory—market-based method 2022–23

Emission source	Scope 1kg CO ₂ -e	Scope 2kg CO ₂ -e	Scope 3kg CO ₂ -e	Total kg CO ₂ -e
Electricity	N/A	250,180	33,112	283,292
Natural gas	0	N/A	0	0
Fleet vehicles	734	N/A	187	921
Domestic flights	N/A	N/A	216,013	216,013
Other energy	0	N/A	0	0
Total kg CO₂-e	734	250,180	249,312	500,226

33 Direct emissions from entity facilities and company owned vehicles.

34 Indirect emissions from purchased electricity, steam, heating and cooling for own use.

35 All other indirect emissions, including from leased assets up and down stream.

36 LGCs are part of an accreditation system by the Clean Energy Regulator to verify power stations that use offsets and/or renewable energy sources in their power production.

CORRECTION OF MATERIAL ERRORS IN PREVIOUS ANNUAL REPORT

The following errors were identified in the 2021–22 AUSTRAC annual report.

AUSTRAC year in review 2021–22

In the infographic on page 7, the top 5 countries for international exchange should read: UK 217, USA 129, NZ 109, Canada 59, Malaysia 37. The number of guidance materials published should read 21.

Reportable consultancy contracts

Page 165: Expenditure on Reportable consultancy contracts section.

During 2021–22, three new reportable consultancy contracts were entered into involving total actual expenditure of \$0.324 million. In addition, four ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$0.361 million. Table should read:

Table 22: Reportable consultancy contracts 2021–22

Reportable consultancy contracts	Number	Expenditure (GST inclusive)
New contracts entered into during the reporting period	3	\$323,750
Ongoing contracts entered into during a previous reporting period	4	\$361,186
Total*	7	\$684,936

*Three of the seven contracts had nil expenditure during the financial year.

Reportable non-consultancy contracts

Page 166: Table 23: Reportable non-consultancy contracts 2021–22. Table should read:

Reportable non-consultancy contracts	Number	Expenditure (GST inclusive)
New contracts entered into during the reporting period	128	\$20,903,963
Ongoing contracts entered into during a previous reporting period	199	\$32,380,279
Total	327	\$53,284,242

Page 167: *Table 24: Organisations receiving a share of reportable non-consultancy contract expenditure 2021-22*

Table should read:

Organisations receiving a share of reportable non-consultancy contract expenditure	Expenditure (GST inclusive)
Built Pty Ltd (ABN 24 083 928 045)	\$8,720,578
Accenture Australia Pty Ltd (ABN 49 096 776 895)	\$5,302,533
Commercial Portfolio Management Pty Ltd (ABN 68 342 370 536)	\$3,287,601
Walker Collins Street Building 4D Pty Ltd (ABN 13 937 361 681)	\$1,928,625
The Recruitment Hive (ABN 13 155 397 541)	\$1,318,209
Total	\$20,557,545

Management of Human Resources chapter

Page 190: *Table 35: Australian Public Service Act Employees by Full time and Part time Status Current Report Period (2021-22)*

EL1 and APS6 non-ongoing rows should read:

	Non-ongoing			Total
	Full-time	Part-time	Total Non-Ongoing	
EL 1	3	0	3	123
APS 6	4	1	5	209

142

MANAGEMENT OF
HUMAN RESOURCES



OUR PEOPLE

In 2022–23 AUSTRAC continued to strategically build a workforce capable of achieving our plans and needs for the future. We embedded our hybrid work model to provide a resilient and flexible framework that includes both office-based and home-based work. We continue to mature this model, closely aligning it to workplace safety requirements and providing guidance and strategies to ensure we make hybrid working sustainable, with positive outcomes for our people and the agency.

Our people strategy 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 AUSTRAC strategic workforce plan presents a 4-year vision for the agency's 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 evidence-based decision making.

OUR CULTURE

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 2022–23 we engaged with staff through focus groups, surveys and executive leadership forums to seek feedback on how our culture fits with our business and how we work together. Drawing on the findings of this work, we have reviewed and updated our One AUSTRAC culture statement to reflect the values and behaviours that we expect of each other, which will foster a positive and productive work environment. The culture statement centres around 4 pillars: that we are trusted, inclusive, collaborative and impactful.

We have continued to invest in 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 Diversity and Inclusion Leadership Group, 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, LGBTQIA+, culturally and linguistically diverse, and mature age employees.

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 the AUSTRAC Pride network.

The promotion and commitment to an inclusive and barrier-free workplace remained at the cornerstone of our program activities during 2022–23.

Activities undertaken during 2022–23 included:

- building and maintaining relationships and networks with member organisations (Pride in Diversity, Australian Network on Disability and Diversity Council Australia) and partner agencies (primarily the National Intelligence Community and other Commonwealth regulatory agencies), to provide AUSTRAC employees with expanded resources, support and networking opportunities
- participating in 2 rounds of the Jawun Indigenous Secondment Program
- driving a supportive and enabling workplace culture by promoting AUSTRAC as a flexible employer in all stages of the employee life cycle, and advertising all ongoing vacancies under the banner of the APS Commission's 'RecruitAbility' scheme
- encouraging opportunities for networking, sharing experiences and discussing issues via the staff-led AUSTRAC Pride Network and AUSTRAC Women's Network
- employing an intern to work at AUSTRAC as part of the Australian Network on Disability's 'Stepping Into' disability internship program

- educating and celebrating diversity by encouraging participation in events to celebrate and raise awareness of diversity and inclusion matters, including:
 - » NAIDOC Week (July 2022)
 - » Wear it Purple Day (August 2022)
 - » International Day for the Elimination of Violence Against Women (November 2022)
 - » International Day of People with Disability (December 2022)
 - » International Women's Day (March 2023)
 - » Harmony Week (March 2023)
 - » Autism Awareness Month (April 2023)
 - » Global Accessibility Awareness Day (May 2023)
 - » International Day Against Homophobia, Biphobia and Transphobia (May 2023)
 - » National Reconciliation Week (May-June 2023)
 - » Pride Month (June 2023).

AUSTRAC ENTERPRISE AGREEMENT

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

In accordance with the APS-wide Public Sector Interim Workplace Relations Arrangements 2022 released in October 2022, a 3% pay increase was paid to all non-SES employees on 29 March 2023, via a determination made under subsection 24(1) of the Public Service Act by the AUSTRAC CEO following agreement of the APS Commissioner.

EXECUTIVE REMUNERATION

The terms and conditions of employment for AUSTRAC's SES are established under subsection 24(1) of the Public Service Act, and outlined in the respective employee's determination. The majority of employment conditions are similar to those set out in the AUSTRAC EA 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 2023 there were 12 SES employee determinations in operation. Two further SES employees are substantive EL2s. The pay rate for the SES acting role is determined by the internal SES remuneration policy. SES base salary increases are generally in line with those that apply to non-SES employees. Accordingly, SES employees received a 3% pay increase on 21 October 2022.

No incentive payments were made to AUSTRAC SES employees during 2022–23.

EMPLOYMENT CONDITIONS

The terms and conditions of employment for AUSTRAC's non-SES employees are governed by the AUSTRAC EA, 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 2023 there were 23 IFAs in effect. The majority of these related to remuneration arrangements.

No AUSTRAC employees were covered by common law contracts in 2022–23. 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 our purpose, the AUSTRAC Learning and Development Framework prioritises 6 'common' areas of focus to guide the development of tailored, fit-for-purpose learning offerings across the agency.

Table 27: 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

Over the last 3 years, we have sourced and delivered custom training opportunities to our staff in the areas of stakeholder engagement, writing skills, critical thinking and leadership development. Additional training in project and change management—particularly crucial given potential legislative reforms—will be delivered over the remainder of the 2023 calendar year.

Data literacy remains an outstanding critical skill. AUSTRAC is currently developing a framework of data principles and will prioritise data literacy training following its finalisation.

We are currently reviewing critical skills needs and gaps across the agency, which will inform the AUSTRAC Learning and Development Framework 2024–26.

Although the lifting of many COVID-19 control measures allowed for the return of face-to-face learning, e-learning or blended learning solutions (such as webinars) continue to be a cost-effective method of delivering training to the largest cohort of staff possible. In addition, the availability of different learning mediums has helped ensure accessibility and flexibility for all, regardless of location or personal circumstances, such as working-from-home arrangements.

AUSTRAC supports staff professional development and capability uplift, through a substantial program of studies assistance and external training opportunities. 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. Common areas include anti-money laundering and counter-terrorism financing certifications and other skill sets in demand at AUSTRAC, such as intelligence analysis and compliance. Throughout 2022–23, AUSTRAC staff attended approximately 185 external professional development offerings and 953 internally facilitated sessions. An additional 48 staff participated in AUSTRAC's Studies Assistance program to commence, progress and/or complete an AQF recognised qualification.

Leadership and management capability enhancement is a crucial focus within AUSTRAC. Our 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. The foundational Emerging Leaders program was introduced in 2023 and provided leadership development support for 73 EL1 and high-performing APS6 staff.

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. AUSTRAC also participates in the Women in Law Enforcement Strategy Mentoring program, with 2 EL2 staff mentees and 2 SES-level mentors participating in 2023.

Staff at AUSTRAC also have access to an array of professional development opportunities to enhance their effectiveness, retention and career pathways.

Work health and safety

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

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

There were no notifiable WHS incidents reported to Comcare in 2022–23.

In 2022–23 AUSTRAC did not have any:

- WHS investigations 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 rate for 2022–23 was 0.13%, well below the overall scheme rate of 0.84%.

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 at www.disabilitygateway.gov.au/ads. Disability reporting is included the APS Commission's State of the Service reports and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au.

Employee statistics

Table 28: All ongoing employees current report period (2022–23)

	Man/Male			Woman/Female			Non-binary		
	Fulltime	Part time	Total	Fulltime	Part time	Total	Fulltime	Part time	Total
NSW	70	1	71	105	11	116	0	0	0
QLD	13	0	13	22	3	25	0	0	0
SA	0	0	0	2	0	2	0	0	0
TAS	0	0	0	0	0	0	0	0	0
VIC	62	5	67	66	15	81	0	0	0
WA	1	0	1	2	0	2	0	0	0
ACT	31	4	35	35	8	43	0	0	0
NT	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0
O/S	3	0	3	1	0	1	0	0	0
Total	180	10	190	233	37	270	0	0	0

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

Table 28: All ongoing employees current report period (2022–23) cont.

	Prefers not to answer			Uses a different term			Total
	Fulltime	Part time	Total	Fulltime	Part time	Total	Total
NSW	0	0	0	0	0	0	187
QLD	0	0	0	0	0	0	38
SA	0	0	0	0	0	0	2
TAS	0	0	0	0	0	0	0
VIC	0	0	0	0	0	0	148
WA	0	0	0	0	0	0	3
ACT	0	0	0	0	0	0	78
NT	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0
O/S	0	0	0	0	0	0	4
Total	0	0	0	0	0	0	460

Table 29: All non-ongoing employees current report period (2022–23)

	Man/Male			Woman/Female			Non-binary		
	Fulltime	Part time	Total	Fulltime	Part time	Total	Fulltime	Part time	Total
NSW	4	0	4	5	2	7	0	0	0
QLD	2	0	2	1	0	1	0	0	0
SA	0	0	0	1	0	1	0	0	0
TAS	0	0	0	0	0	0	0	0	0
VIC	2	0	2	2	1	3	0	0	0
WA	0	0	0	0	0	0	0	0	0
ACT	1	0	1	3	2	5	0	0	0
NT	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0
O/S	0	0	0	0	0	0	0	0	0
Total	9	0	9	12	5	17	0	0	0

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

Table 29: All non-ongoing employees current report period (2022–23) cont.

	Prefers not to answer			Uses a different term			Total
	Fulltime	Part time	Total	Fulltime	Part time	Total	Total
NSW	0	0	0	0	0	0	11
QLD	0	0	0	0	0	0	3
SA	0	0	0	0	0	0	1
TAS	0	0	0	0	0	0	0
VIC	0	0	0	0	0	0	5
WA	0	0	0	0	0	0	0
ACT	0	0	0	0	0	0	6
NT	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0
O/S	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	26

Table 30: All ongoing employees previous 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 paragraphs 22(2)(a) and 22(2)(b) of the Public Service Act 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 31: All non-ongoing employees previous 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	1	1	0	0	0	3
WA	0	0	0	0	0	0	0	0	0	0
ACT	2	0	2	0	0	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 but do not include irregular/intermittent employees.

Table 32: Australian Public Service Act ongoing employees current report period (2022–23)

	Man/Male			Woman/Female			Non-binary		
	Fulltime	Part time	Total	Fulltime	Part time	Total	Fulltime	Part time	Total
SES 3	0	0	0	0	0	0	0	0	0
SES 2	2	0	2	1	0	1	0	0	0
SES 1	5	0	5	3	0	3	0	0	0
EL 2	26	4	30	19	4	23	0	0	0
EL 1	40	3	43	69	12	81	0	0	0
APS 6	78	2	80	101	21	122	0	0	0
APS 5	23	1	24	32	0	32	0	0	0
APS 4	6	0	6	8	0	8	0	0	0
APS 3	0	0	0	0	0	0	0	0	0
APS 2	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Total	180	10	190	233	37	270	0	0	0

Note: Figures are based on substantive classification as at 30 June 2023.

Table 32: Australian Public Service Act ongoing employees current report period (2022–23) cont.

	Prefers not to answer			Uses a different term			Total
	Fulltime	Part time	Total	Fulltime	Part time	Total	Total
SES 3	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	3
SES 1	0	0	0	0	0	0	8
EL 2	0	0	0	0	0	0	53
EL 1	0	0	0	0	0	0	124
APS 6	0	0	0	0	0	0	202
APS 5	0	0	0	0	0	0	56
APS 4	0	0	0	0	0	0	14
APS 3	0	0	0	0	0	0	0
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	0	0	0	0	0	0	460

Table 33: Australian Public Service Act non-ongoing employees current report period (2022–23)

	Man/Male			Woman/Female			Non-binary		
	Fulltime	Part time	Total	Fulltime	Part time	Total	Fulltime	Part time	Total
SES 3	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	1	1	0	0	0
EL 2	2	0	2	1	0	1	0	0	0
EL 1	1	0	1	1	0	1	0	0	0
APS 6	5	0	5	5	1	6	0	0	0
APS 5	1	0	1	5	1	6	0	0	0
APS 4	0	0	0	0	2	2	0	0	0
APS 3	0	0	0	0	0	0	0	0	0
APS 2	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Total	9	0	9	12	5	17	0	0	0

Note: Figures are based on substantive classification as at 30 June 2023.

Table 33: Australian Public Service Act non-ongoing employees current report period (2022–23) *cont.*

	Prefers not to answer			Uses a different term			Total
	Fulltime	Part time	Total	Fulltime	Part time	Total	Total
SES 3	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	1
EL 2	0	0	0	0	0	0	3
EL 1	0	0	0	0	0	0	2
APS 6	0	0	0	0	0	0	11
APS 5	0	0	0	0	0	0	7
APS 4	0	0	0	0	0	0	2
APS 3	0	0	0	0	0	0	0
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	0	0	0	0	0	0	26

Table 34: Australian Public Service Act ongoing employees previous 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 35: Australian Public Service Act non-ongoing employees previous 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 36: Australian Public Service Act employees by full-time and part-time status current report period (2022–23)

	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	1	1	9
EL 2	45	8	53	3	0	3	56
EL 1	109	15	124	2	0	2	126
APS 6	179	23	202	10	1	11	213
APS 5	55	1	56	6	1	7	63
APS 4	14	0	14	0	2	2	16
APS 3	0	0	0	0	0	0	0
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	413	47	460	21	5	26	486

Note: Figures are based on substantive classification as at 30 June 2023.

Table 37: Australian Public Service Act employees by full-time and part-time status previous 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	3	0	3	123
APS 6	181	23	204	4	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 38: Employment type by location current report period (2022–23)

	Ongoing	Non-ongoing	Total
NSW	187	11	198
QLD	38	3	41
SA	2	1	3
TAS	0	0	0
VIC	148	5	153
WA	3	0	3
ACT	78	6	84
NT	0	0	0
External Territories	0	0	0
O/S	4	0	4
TOTAL	460	26	486

Note: Figures are based on actual head counts of employees under paragraphs 22(2)(a) and 22(2)(b) of the Public Service Act 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 Employment type by location previous 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

Table 40: Australian Public Service Act Indigenous employment current report period (2022–23)

	Total
Ongoing	4
Non-ongoing	2
TOTAL	6

Table 41: Australian Public Service Act Indigenous employment previous report period (2021–22)

	Total
Ongoing	3
Non-ongoing	1
TOTAL	4

Table 42: Australian Public Service Act employment arrangements current report period (2022–23)

	SES	Non-SES	Total
Section 24(1) Determination	12	0	12
Individual Flexibility Arrangement	0	23	23
AUSTRAC Enterprise Agreement	0	475	475
Total	12	498	510

Table 43: Australian Public Service Act employment salary ranges by classification level (minimum/maximum) current report period (2022–23)

	Minimum Salary (\$)	Maximum Salary (\$)
SES 3	N/A	N/A
SES 2	N/A	302,817
SES 1	N/A	242,609
EL 2	133,669	194,254
EL 1	114,680	150,137
APS 6	93,840	146,244
APS 5	83,751	91,824
APS 4	74,670	82,743
APS 3	67,604	73,659
APS 2	60,542	66,597
APS 1	53,481	58,525
Other	N/A	N/A

Note: This table outlines employee salary ranges as at 30 June 2023, including individual flexibility arrangements. The minimum amount is the first pay point under the Enterprise Agreement.

Executive Remuneration

Table 44: Remuneration for key management personnel

Name	Position Title	Short-term Benefits		
		Base Salary (\$)	Bonuses (\$)	Other benefits and allowances (\$)
Nicole Rose	CEO	479,909	0	2,443
Peter Soros	DCEO	328,184	0	7,793
Christopher Collett	DCEO	95,832	0	710
John Moss	DCEO	305,166	0	2,443
Katie Miller	DCEO	110,919	0	0
Total		1,320,010	0	13,389

Note: AUSTRAC Deputy CEOs have equal base salaries. Variations in the above totals reflect individual variations in leave taken, superannuation schemes, additional duties allowance, periods performing the duties of CEO and overall time in the role within the reporting period. 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.

Table 44: Remuneration for key management personnel cont.

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> (\$)	(\$)	(\$)
25,216	12,061	0	0	519,629
56,548	8,479	0	0	401,004
12,857	2,134	0	0	111,533
45,434	7,570	0	0	360,613
17,350	3,007	0	0	131,276
157,405	33,251	0	0	1,524,055

Table 45: 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	6	78,759	0	430
\$220,001 - \$245,000	1	193,409	0	14,462
\$245,001 - \$270,000	1	210,790	0	2,035
\$270,001 - \$295,000	5	236,648	0	5,323
\$295,001 - \$320,000	1	258,454	0	2,443

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

Table 45: Remuneration for senior executives cont.

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>
10,389	1,891	0	0	91,469
24,936	5,050	0	0	237,857
30,398	5,135	0	0	248,357
38,699	6,065	0	0	286,735
44,437	6,065	0	0	311,399

Table 46: 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 (\$)
\$320,001 – \$345,000	1	250,770	0	68,791
\$420,001 – \$445,000	1	269,007	0	129,653
\$470,001 – \$495,000	1	225,557	0	219,993
\$495,001 – \$520,000	1	228,912	0	254,428

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

Table 46: Remuneration for other highly-paid staff cont.

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>
20,445	3,264	0	0	343,270
19,933	3,008	0	0	421,600
28,935	3,948	0	0	478,433
19,911	3,008	0	0	506,259



174

REPORT ON FINANCIAL
PERFORMANCE

2022–23 Financial Performance

A copy of AUSTRAC's audited financial statements and the Auditor-General's report are included on page 178.

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 2022–23 we produced a net operating loss of **\$18.184 million**, compared with a net operating loss of **\$10.623 million** in 2021–22. The net operating loss includes **\$17.344 million** of depreciation and amortisation expenses.

Total revenue for 2022–23 was **\$95.626 million**: a **\$3.265 million** increase over the previous year.

Our financial position as at 30 June 2023 is shown in the Statement of Financial Position. This takes into account movements in assets, liabilities and equity. Total equity has increased to **\$76.267 million** (2021–22: \$71.182 million).

Events occurring after balance date

Following the commencement of civil penalty proceedings against Crown Melbourne and Crown Perth (Crown) in March 2022, the Federal Court of Australia imposed a \$450 million civil penalty over Crown's breaches of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* on 11 July 2023.

The court agreed that the penalty will be paid over 2 years and also ordered Crown to pay AUSTRAC's costs of \$3.356 million. In accordance with Resource Management Guide 125—Commonwealth Entities Financial Statements Guide, the reimbursement of legal costs will first be applied against year-to-date legal expenses in 2023–24 that directly related to the Crown matter with the balance being recognised as other income (revenue).

AGENCY RESOURCE STATEMENTS 2022–23

Table 47: Agency resource statements 2022–23

	Actual available appropriations for 2022-23 \$'000	Payments Made 2022-23 \$'000	Balance Remaining \$'000
	(a)	(b)	(a + b)
Ordinary Annual Services			
Prior year appropriation ^{37,38}	33,806	(31,401)	2,405
Departmental appropriation ^{39,40}	95,356	(70,655)	24,701
Section 74 Agency receipts per 2022-23 Portfolio Budget Statements	2,770	(2,770)	-
Additional section 74 receipts	1,608	(1,608)	-
Total	133,540	(106,434)	27,106
Total ordinary annual services	133,540	(106,434)	27,106
Departmental non-operating			
Equity injections	19,501	-	19,501
Previous years inputs	15,875	(14,976)	899
Total	35,376	(14,976)	20,400
Total Resourcing and Payments	168,916	(121,410)	47,506

37 Appropriation Act No. 1 2021-22

38 Appropriation Act No. 1 DCB 2020-21 and DCB 2021-22

39 Appropriation Act No. 1 2022-23

40 Appropriation Act No. 1 DCB 2022-23

Table 48: Expenses by Outcome for 2022-23

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

	<i>Budget*</i> \$'000	<i>Actual expenses</i> \$'000	<i>Variation</i> \$'000
	(a)	(b)	(a + b)
Program 1.1: AUSTRAC			
Administered expenses	-	360	(360)
Administered total	-	360	(360)
Departmental expenses			
Departmental appropriation	95,985	101,139	(5,154)
s74 External Revenue ⁴¹	2,770	3,177	(407)
Expenses not requiring appropriation in the Budget year ⁴²	12,731	12,542	189
Departmental total	111,486	116,858	(5,372)
Administered	-	360	(360)
Departmental	111,486	116,858	(5,372)
Total expenses for Program 1.1	111,486	117,218	(5,732)
	2022–23	2021–22	
Average staffing level (number)	466	433	

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

⁴¹ Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act

⁴² 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 2022–23 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 of Australia

Opinion

In my opinion, the financial statements of the Australian Transaction Reports and Analysis Centre (the Entity) for the year ended 30 June 2023:

- (a) comply with Australian Accounting Standards – Simplified Disclosures 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 2023 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 2023 and for the year then ended:

- Statement by the Chief Executive Officer and Chief Financial 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

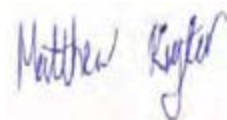
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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



Matthew Rigter

Delegate of the Auditor-General

Canberra

13 September 2023

STATEMENT BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2023 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.....

Peter Sorns
(Acting) Chief Executive Officer

13 September 2023

Signed.....

Yvette Whittaker
Chief Finance Officer

13 September 2023

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	63,978	58,976	60,954
Suppliers	1.1B	31,320	29,441	27,978
Depreciation and amortisation	2.2A	17,344	14,783	18,916
Losses from asset sales and disposals		8	32	-
Interest on lease liabilities		896	332	733
Total expenses		113,546	103,564	108,581
Own-Source Income				
Own-source revenue				
Revenue from contracts with customers	1.2A	3,177	3,281	2,770
Other revenue	1.2B	135	135	135
Total own-source revenue		3,312	3,416	2,905
Total own-source income		3,312	3,416	2,905
Net (cost of) services		(110,234)	(100,148)	(105,676)
Revenue from Government - departmental appropriation	1.2C	92,314	88,945	92,314
Surplus/(Deficit) attributable to the Australian Government		(17,920)	(11,203)	(13,362)
OTHER COMPREHENSIVE INCOME				
Transfers between equity components		198	580	-
Adjustments in asset revaluation reserve		(462)		-
Total other income/(loss)		(264)	580	-
Total comprehensive income/(loss) attributable to the Australian Government		(18,184)	(10,623)	(13,362)

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 a 3% payrise and annual movement through the increment levels. This payrise has led to an increase in both salaries and employee liabilities.

The variance in Suppliers is predominantly due to an increase in legal fees from new enforcement actions and lower than expected capitalisation in projects due to various projects delayed movement through delivery stages. These delays have resulted in projects remaining in their Research phase longer than anticipated.

The variance in Depreciation and amortisation is similarly due to the reduced capitalisation of projects.

Revenue from contracts with customers is higher than 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 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
ASSETS				
Financial Assets				
Cash and cash equivalents		1,735	1,191	1,191
Trade and other receivables	2.1A	46,899	49,532	49,532
Total financial assets		48,634	50,723	50,723
Non-Financial Assets¹				
Leasehold improvements	2.2A	3,030	3,510	-
Property, plant and equipment	2.2A	8,257	7,862	10,931
Buildings	2.2A	37,310	43,022	36,702
Intangibles	2.2A	38,018	30,422	40,810
Prepayments		3,898	2,980	2,980
Total non-financial assets		90,513	87,796	91,423
Total assets		139,147	138,519	142,146
LIABILITIES				
Payables				
Suppliers	2.3A	2,877	3,224	3,224
Other payables	2.3B	1,978	1,876	1,711
Total payables		4,855	5,100	4,935
Provisions				
Employee provisions	4.1	18,374	17,648	17,813
Total provisions		18,374	17,648	17,813
Interest bearing liabilities				
Leases	2.4	39,651	44,589	39,035
Total interest bearing liabilities		39,651	44,589	39,035
Total liabilities		62,880	67,337	61,783
Net assets		76,267	71,182	80,363
EQUITY				
Contributed equity		167,815	145,272	167,815
Reserves		1,353	1,089	1,089
Retained surplus/(Accumulated deficit)		(92,901)	(75,179)	(88,541)
Total equity		76,267	71,182	80,363

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 reduced retained appropriations receivable at year-end (unspent).

The variances in both Intangibles and Property plant and equipment are due to a lower than budgeted capitalisation of costs as identified in the Statement of Comprehensive Income.

The variance in Prepayments relates to a specific contract for software and related prepaid maintenance.

Employee provisions have increased primarily as a result of changes in the parameters used for calculating the provision as well as a 3% payrise.

Australian Transaction Reports and Analysis Centre

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2023

	2023	2022	Original Budget
	\$'000	\$'000	\$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	145,272	125,278	145,272
Adjusted opening balance	145,272	125,278	145,272
Transactions with owners			
Contributions by owners			
Equity injection - Appropriations	19,501	16,990	19,501
Departmental capital budget	3,042	3,004	3,042
Total transactions with owners	22,543	19,994	22,543
Closing balance as at 30 June	167,815	145,272	167,815
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	(75,179)	(64,556)	(75,179)
Adjusted opening balance	(75,179)	(64,556)	(75,179)
Comprehensive income			
Surplus/(Deficit) for the period	(17,920)	(11,203)	(13,362)
Total comprehensive income	(17,920)	(11,203)	(13,362)
Transfers between equity components	198	580	-
Closing balance as at 30 June	(92,901)	(75,179)	(88,541)
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	1,089	1,669	1,089
Adjusted opening balance	1,089	1,669	1,089
Transfers between equity components	(198)	(580)	-
Adjustments in asset revaluation reserve	462	-	-
Closing balance as at 30 June	1,353	1,089	1,089

Australian Transaction Reports and Analysis Centre

STATEMENT OF CHANGES IN EQUITY (continued)

for the period ended 30 June 2023

	2023	2022	Original Budget
	\$'000	\$'000	\$'000
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	71,182	62,391	71,182
Adjusted opening balance	71,182	62,391	71,182
Comprehensive income			
Surplus/(Deficit) for the period	(17,920)	(11,203)	(13,362)
Total comprehensive income	(17,920)	(11,203)	(13,362)
Transactions with owners			
Contributions by owners			
Equity injection - Appropriations	19,501	16,990	19,501
Departmental capital budget	3,042	3,004	3,042
Total transactions with owners	22,543	19,994	22,543
Adjustments in asset revaluation reserve	462	-	-
Closing balance as at 30 June	76,267	71,182	80,363

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

Accounting PolicyEquity 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 2023

	2023	2022	Original Budget
Notes	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	100,450	88,529	92,314
Rendering of services	4,379	14,237	2,770
GST received	4,654	4,918	5,000
Total cash received	109,483	107,684	100,084
Cash used			
Employees	62,965	57,123	60,954
Suppliers	38,290	44,505	27,843
GST paid	542	412	5,000
Interest payments on lease liabilities	896	332	733
Total cash used	102,693	102,372	94,530
Net cash from operating activities	6,790	5,312	5,554
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	3,302	4,316	22,543
Purchase of internally developed software	15,320	13,601	-
Total cash used	18,622	17,917	22,543
Net cash used by investing activities	(18,622)	(17,917)	(22,543)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	17,380	16,976	22,543
Total cash received	17,380	16,976	22,543
Cash used			
Principal payments of lease liabilities	5,004	5,072	5,554
Total cash used	(5,004)	(5,072)	(5,554)
Net cash from financing activities	12,376	11,904	16,989
Net decrease in cash held	544	(701)	-
Cash and cash equivalents at the beginning of the reporting period	1,191	1,892	1,191
Cash and cash equivalents at the end of the reporting period	1,735	1,191	1,191

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

Budget Variances Commentary

Cash Flow Statement

Suppliers increased as a result of an increase in legal fees from new enforcement actions and lower than expected capitalisation in projects due to various project's delayed movement through delivery stages.

The variance in Employees is primarily driven by 3% pay increase and associated leave as identified in the Statement of Comprehensive Income.

The Budget for Property plant and equipment includes budget for Intangibles. The combined variance in the Cash used for investing activities is due to under capitalisation of projects due to delays in stages of capitalisation as identified in the Statement of Comprehensive Income.

Australian Transaction Reports and Analysis Centre

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

for the period ended 30 June 2023

	2023	2022	Original Budget
	\$'000	\$'000	\$'000
Net Cost of Services			
EXPENSES			
Waivers	490	1,209	-
Impairment loss on financial instruments	(2)	4	-
Total expenses	487	1,213	-
Income			
Revenue			
Taxation revenue			
Industry contribution levies ¹	99,386	93,692	98,640
Total Taxation revenue	99,386	93,692	98,640
Non-taxation revenue			
Fines	89	26	100
Total non-taxation revenue	89	26	100
Total revenue	99,475	93,718	98,740
Net contribution by services	98,987	92,505	98,740
Surplus	98,987	92,505	98,740

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.

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 2023. The Impairment loss on financial instruments relates to levies collected reversing prior year unpaid that were deemed unrecoverable.

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 2022-23.

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES

as at 30 June 2023

	2023	2022	Original Budget
	\$'000	\$'000	\$'000
Assets			
Financial assets			
Other receivables	98,258	143	139
Less impairment loss allowance ¹	-	(4)	-
Total financial assets	98,258	139	139
Total assets administered on behalf of Government	98,258	139	139
Net assets/(liabilities)	98,258	139	139

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 2023 \$0.00m. (2022 \$0.004m).

Budget Variances Commentary

Schedule of Administered Assets and Liabilities

The variance from budget for Receivables is a result of the timing in levy invoices being issued. Levy invoices for the year were issued on 26th June 2023.

Australian Transaction Reports and Analysis Centre

ADMINISTERED RECONCILIATION SCHEDULE*for the period ended 30 June 2023*

	2023 \$'000	2022 \$'000
Opening assets less liabilities as at 1 July	139	(253)
Surplus items:		
Net contribution by services	98,987	92,505
transfers to/from Australian Government:		
Special appropriation (unlimited)	360	552
Transfers to Official Public Account	(1,228)	(92,665)
Closing assets less liabilities as at 30 June	98,258	139

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

Accounting PolicyAdministered 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.

ADMINISTERED CASH FLOW STATEMENT*for the period ended 30 June 2023*

	2023	2022	Original Budget
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Taxes	1,140	92,639	100
Fees and fines	88	26	98,640
Total cash received	1,228	92,665	98,740
Cash used			
Refunds of fees and taxes	(360)	(552)	-
Total cash used	(360)	(552)	-
Net cash flows from operating activities	868	92,113	98,740
Net increase in cash held	868	92,113	98,740
Cash and cash equivalents at the beginning of the reporting period	-	-	-
Cash from the Official Public Account for:			
Special appropriation (unlimited)	360	552	-
Cash to Official Public Account for:			
Administered receipts	(1,228)	(92,665)	(98,740)
Net increase in cash held	(868)	(92,113)	(98,740)
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

Adoption of New Australian Accounting Standard Requirements

Two amending standards (AASB 2021-2 and AASB 2021-6) were adopted earlier than the application date as stated in the standard. This amending standards have been adopted for the 2022-23 reporting period.

The following amending standards were issued prior to the signing of the statement by the Accountable Authority and Chief Financial Officer, were applicable to the current reporting period and did not have a material effect on the entity's financial statements:

OVERVIEW (continued)

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (AASB 2021-2)	AASB 2021-2 amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. The amending standard requires the disclosure of material, rather than significant, accounting policies, and clarifies what is considered a change in accounting policy compared to a change in accounting estimate.
AASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards (AASB 2021-6)	AASB 2021-6 amends the Tier 2 reporting requirements set out in AASB 1049, AASB 1054 and AASB 1060 to reflect the changes made by AASB 2021-2.

The details of the changes in accounting policies and adjustments are disclosed below and in the relevant notes to the financial statements. This amending standard is not expected to have a material impact on the entity's financial statements for the current reporting period or future reporting periods.

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

Following the commencement of civil penalty proceedings against Crown Melbourne and Crown Perth (Crown) in March 2022, the Federal Court of Australia imposed a \$450 million civil penalty over Crown's breaches of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act) on 11 July 2023.

The court has agreed that the penalty will be paid over two years and also ordered Crown to pay AUSTRAC's costs of \$3.356 million. In accordance with Resource Management Guide 125: *Commonwealth Entities Financial Statements Guide*, the reimbursement of legal costs will first be applied against 2023-24 year-to-date legal expenses that directly related to the Crown matter with the balance being recognised as other income (revenue) in 2023-24.

Reporting of Administered Activities

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

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

1. DEPARTMENTAL FINANCIAL PERFORMANCE

This section analyses AUSTRAC's financial performance for the year ended 30 June 2023

1.1 Expenses

	2023 \$'000	2022 \$'000
1.1A Employee Benefits		
Wages and salaries	46,617	43,609
Superannuation:		
Defined contribution plans	6,660	6,190
Defined benefit plans	1,834	1,651
Leave and other entitlements	8,144	6,414
Separation and redundancies	-	197
Other	723	915
Total employee benefits	63,978	58,976

Accounting Policy

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

1.1B Suppliers

Goods and services

Contractors	9,542	9,822
Contracting services	6,586	6,194
IT maintenance	5,257	4,709
Travel	2,833	1,777
Property and office maintenance	2,691	2,651
Other	1,876	1,831
Telecommunications	1,442	1,228
Consultants	498	655
Total goods and services	30,725	28,867

Goods and services are made up of:

Goods supplied	1,585	1,786
Services rendered	29,140	27,081
Total goods and services supplied or rendered	30,725	28,867

Other supplier expenses

Workers compensation expenses	94	102
Short term lease rentals	501	472
Total other suppliers	595	574
Total suppliers	31,320	29,441

AUSTRAC has short-term lease commitments of \$221,948 as at 30 June 2023.

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

	2023 \$'000	2022 \$'000
Own-Source Revenue		
1.2A Revenue from Contracts with Customers		
Revenue from contracts with customers	3,177	3,281
Total revenue from contracts with customers	3,177	3,281
Type of customer:		
Australian Government entities (related parties)	3,177	3,281
	3,177	3,281
Timing of transfer of goods and services:		
Over time	2,230	3,050
Point in time	947	287
	3,177	3,337

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.

	2023 \$'000	2022 \$'000
1.2B Other Revenue		
Resources received free of charge		
Remuneration of auditors	135	135
Total other revenue	135	135

Accounting PolicyResources 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	92,314	88,945
Total revenue from Government	92,314	88,945

Accounting PolicyRevenue 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 AUSTAC 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

	2023 \$'000	2022 \$'000
2.1A Trade and Other Receivables		
Goods and services	210	238
Total receivables for goods and services	210	238
Appropriations receivable:		
Receivables from existing programs	46,126	49,100
Total appropriations receivable	46,126	49,100
Other receivables:		
GST receivable from the Australian Taxation Office	563	194
Total other receivables	563	194
Total trade and other receivables (gross)	46,899	49,532
Total trade and other receivables (net)	46,899	49,532
Receivables are expected to be recovered in:		
No more than 12 months	46,899	49,532
Total trade and other receivables (net)	46,899	49,532

Financial assets were assessed for impairment in accordance with the impairment policy stated below. No indicators of impairment were identified as at 30 June 2023

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	Buildings ¹ \$'000	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2022					
Gross book value	8,335	9,028	23,206	55,915	96,484
Gross book value - ROU assets	-	43,083	-	-	43,083
Accumulated depreciation and impairment	(4,825)	(103)	(15,344)	(25,493)	(45,765)
Accumulated depreciation and impairment - ROU assets	-	(8,986)	-	-	(8,986)
Total as at 1 July 2022	3,510	43,022	7,862	30,422	84,816
Additions					
By purchase	119	-	3,183	-	3,302
Internally developed	-	-	-	15,320	15,320
Right-of-use assets	-	66	-	-	66
Depreciation expense	(659)	(866)	(3,158)	(7,724)	(12,407)
Depreciation on right-of-use assets	-	(4,937)	-	-	(4,937)
Asset Cost	-	-	-	-	-
Disposals:					
Asset cost on assets disposed	(914)	-	(765)	(2,263)	(3,942)
Accumulated depreciation on assets disposed	914	-	757	2,263	3,934
Net Revaluation Increments / (Decrements):					
Asset Cost	60	25	378	-	463
Total as at 30 June 2023	3,030	37,310	8,257	38,018	86,615
Totals as at 30 June 2023 are represented by:					
Gross book value	7,600	9,053	26,002	68,972	111,627
Gross book value - ROU assets	-	43,149	-	-	43,149
Accumulated depreciation and impairment	(4,570)	(969)	(17,745)	(30,954)	(54,238)
Accumulated depreciation and impairment - ROU assets	-	(13,923)	-	-	(13,923)
Total as at 30 June 2023	3,030	37,310	8,257	38,018	86,615
Carrying amount of right-of-use assets	-	29,226	-	-	29,226

¹. Buildings are Right-of-use Assets (ROU) and Lease Incentive Fit Out Assets. The split between Lease ROU and Lease Incentive Fit Out has been applied in 2023. There is no difference in opening nor closing balances as a result of the new disclosure.

Revaluations of non-financial assets

All revaluations are conducted in accordance with the revaluation policy stated below. Revaluations were conducted this year on all asset classes. Revaluation increments as a result were: Leasehold improvements \$0.025m, Property plant and equipment \$0.378m, Fixtures and fittings \$0.060m, Intangibles Nil, (Leasehold improvements 2022: Nil, Property plant and equipment 2022: Nil, Fixtures and fittings 2022: Nil, Intangibles 2022: Nil).

Contractual commitments for the acquisition of Property, plant and equipment and Intangible assets

Contractual commitments for the acquisition of software for Intangible assets is \$2.75m (inclusive of GST), (2022: Nil).

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. 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 2023 for a valuation date of 30 June 2023.

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	2023	2022
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 2023. 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 2023.

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 (2021-22: 1 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2023.

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

	2023 \$'000	2022 \$'000
2.3A Suppliers		
Trade creditors and accruals	2,877	3,224
Total suppliers	2,877	3,224

Supplier payables are made within 20 days (2021: 20 days).

2.3B Other Payables

Contract liabilities ¹	129	315
Salaries and wages	1,422	1,181
Superannuation	258	215
Other	169	165
Total other payables	1,978	1,876

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	39,651	44,589
Total leases	39,651	44,589

Total cash outflow for leases for the year ended 30 June 2023 was \$5.404 million, (2022 \$5.189 million)

Maturity analysis - contractual undiscounted cash flows

Within 1 year	5,804	5,868
Between 1 to 5 years	21,656	22,561
More than 5 years	16,173	17,660
Total leases	43,633	46,089

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')

2023 Annual Appropriations					
	Annual Appropriation ^{1,3}	Adjustment to Appropriations ²	Total Appropriation	Appropriation applied in 2023 (current and prior years)	Variance ^{4,5}
	\$'000	\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL					
Ordinary annual services	92,314	4,379	96,693	103,928	(7,235)
Capital budget ³	3,042	-	3,042	2,404	638
Other services				-	
Equity	19,501	-	19,501	14,976	4,525
Total departmental	114,857	4,379	119,236	121,308	(2,072)

^{1.} In 2022-23 there were adjustments that met the recognition criteria of a formal reduction in revenue \$0.094m (2022: Nil).

^{2.} Section 74 increase in revenue \$4.379m (2022: \$14.237m).

^{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.

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 \$14.237m (2022: \$11.113m).

^{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')

	2023	2022
	\$'000	\$'000
<i>Appropriation Act No. 1 2020-21 Departmental Capital Budget</i>	-	1,805
<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>	2,405	3,004
<i>Appropriation Act No. 2 2021-22</i>	899	15,875
<i>Appropriation Act No. 1 2022-23 Cash at bank and on hand</i>	1,735	-
<i>Appropriation Act No. 1 2022-23</i>	20,280	
<i>Appropriation Act No. 1 2022-23 Departmental Capital Budget</i>	3,042	
<i>Appropriation Act No. 2 2022-23</i>	19,501	
Total	47,862	50,291

The 2022-23 appropriation acts are affected by any quarantine arrangements \$0.094m. (2022: Nil)

3.1C Special Appropriations ('recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	2022
			2023	\$'000
			\$'000	
Section 77, <i>Public Governance, Performance and Accountability Act 2013</i>	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment.	360	552
Total special appropriations applied			360	552

3.2 Net Cash Appropriation Arrangements

	2023	2022
	\$'000	\$'000
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	(18,184)	(10,623)
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections) ¹	12,407	9,092
Plus: depreciation of right-of-use assets ²	4,937	5,691
Less: lease principal repayments ²	(5,004)	(5,072)
Net Cash Operating Surplus/ (Deficit)	(5,844)	(912)

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.

	2023 \$'000	2022 \$'000
4.1 Employee Provisions		
Leave	18,374	17,648
Total employee provisions	18,374	17,648

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 2023 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 Attorney General, the Chief Executive Officer and the three Deputy Chief Executive Officers. Key management personnel remuneration is reported in the table below:

	2023	2022
	\$	\$
Short-term employee benefits		
Salary	1,320,010	1,376,831
Other benefits and allowances - car parking	13,389	13,257
Short-term employee benefits	1,333,399	1,390,088
Post-employment benefits		
Superannuation	157,405	167,907
Post-employment benefits	157,405	167,907
Other long-term employee benefits		
Long-service leave	33,251	33,809
Other long-term employee benefits	33,251	33,809
Total key management personnel remuneration expenses¹	1,524,055	1,591,804

The total number of key management personnel included in the above table are 5 (2022: 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 2023 (2022: Nil).

Unquantifiable contingencies

There are 1 departmental and 3 administered unquantifiable contingencies as at 30 June 2023 (2022: 1 departmental, Nil administered). The matters relates to civil penalty proceedings in the Federal Court against regulated entities. One of these matters, representing the 1 departmental item and 1 of the 3 administered items, was finalised as at the date of this report with further information provided in the Overview under Post Balance Date Events. AUSTRAC does not consider the outcome of these matters 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.

	2023	2022
	\$'000	\$'000
5.2 Categories of Financial Instruments		
Financial assets at amortised cost		
Loans and receivables		
Cash and cash equivalents	1,735	1,191
Goods and services receivable	210	238
Total financial assets at amortised cost	1,945	1,429
 Total financial assets	 1,945	 1,429
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	2,877	3,224
Total financial liabilities measured at amortised cost	2,877	3,224
 Total financial liabilities	 2,877	 3,224

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

6.1 Current/non-current Distinction for Assets and Liabilities

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

	2023 \$'000	2022 \$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	1,735	1,191
Trade and other receivables	46,899	49,532
Prepayments	3,199	2,021
Building	4,995	4,986
Total no more than 12 months	56,828	57,730
More than 12 months		
Leasehold Improvements	3,030	3,510
Building	32,315	38,036
Plant and equipment	8,257	7,862
Prepayments	699	959
Intangibles	38,018	30,422
Total more than 12 months	82,319	80,789
Total assets	139,147	138,519
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	2,877	3,224
Leases	4,995	4,986
Other payables	1,977	1,876
Employee provisions	7,649	7,376
Total no more than 12 months	17,498	17,462
More than 12 months		
Suppliers	-	-
Leases	34,656	39,603
Other payables	-	-
Employee provisions	10,725	10,272
Total more than 12 months	45,381	49,875
Total liabilities	62,879	67,337

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

	2023 \$'000	2022 \$'000
Assets expected to be recovered in:		
No more than 12 months	98,258	138
More than 12 months	-	-
Total assets	98,258	138
Liabilities expected to be recovered in:		
No more than 12 months	-	253
Total liabilities	-	253

211

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)	225	Alphabetical index	Mandatory
17AJ(c)	222-223	Glossary of abbreviations and acronyms	Mandatory
17AJ(d)	212-221	List of requirements	Mandatory
17AJ(e)	2	Details of contact officer	Mandatory
17AJ(f)	2	Entity's website address.	Mandatory
17AJ(g)	2	Electronic address of report	Mandatory
17AD(a)	Review by Accountable Authority		
17AD(a)	9-11	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
17AE(1)(a)(iii)	13	A description of the outcomes and programmes administered by the entity.	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
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
17AE(2)	N/A	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
17AD(c)	Report on the Performance of the Entity		
	Annual Performance Statements		
17AD(c)(i); 16F	27-102	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)	175	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	176-177	A table summarising the total resources and total payments of the entity.	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
17AF(2)	175	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)	129	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	3	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	3	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)	3	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)	123	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	130	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

PGPA Rule Reference	Page of Report	Description	Requirement
Audit Committee			
17AG(2A)(a)	124	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	124-127	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	124-127	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	124-127	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	124-127	The remuneration of each member of the entity's audit committee.	Mandatory
External Scrutiny			
17AG(3)	131	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	131	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
17AG(3)(b)	131	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)	131	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
Management of Human Resources			
17AG(4)(a)	146-148	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	150-166	<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> <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
17AG(4)(b)	150-166	<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
17AG(4)(c)	145-146	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	146	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
17AG(4)(c)(ii)	167	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	146	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	146	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)	137	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)	133	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory
Reportable Consultancy Contracts			
17AG(7)(a)	133	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

PGPA Rule Reference	Page of Report	Description	Requirement
17AG(7)(b)	133	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)	134	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)	134	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
Reportable Non-Consultancy Contracts			
17AG(7A)(a)	135	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)	135	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

PGPA Rule Reference	Page of Report	Description	Requirement
Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts			
17AGA	134-135	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)	136	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
Exempt Contracts			
17AG(9)	134	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)	136	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

PGPA Rule Reference	Page of Report	Description	Requirement
17AG(10)(b)	136	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	137	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
Financial Statements			
17AD(e)	178	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive Remuneration			
17AD(da)	168-173	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)	137	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory

PGPA Rule Reference	Page of Report	Description	Requirement
17AH(1)(b)	138	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)	149	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	132	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	140-141	Correction of material errors in previous annual report	If applicable, Mandatory
17AH(2)	132; 136; 138; 148	Information required by other legislation	Mandatory

Glossary

Abbreviation/acronym	Description
ADI	Authorised deposit-taking institution
AGWG	Advice and Guidance Working Group
AMLC	Anti-Money Laundering Council
AML/CTF Rules	Anti-Money Laundering and Counter-Terrorism Financing Rules
AML/CTF Act	<i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i>
AML/CTF	Anti-money laundering and counter-terrorism financing
APIPP	AUSTRAC Pacific Islands Partnership Program
AQF	Australian Qualifications Framework
ARC	Audit and Risk Committee
ASEAN	Association of Southeast Asian Nations
AUSTRAC EA	AUSTRAC Enterprise Agreement 2016–19
AWB	Analyst WorkBench
BNI	Bearer-negotiable instrument
BOQ	Bank of Queensland
CACT	Criminal Assets Confiscation Taskforce
CBM	Cross-border movement
CFITF	Counter Foreign Interference Taskforce
CMS	Content management system
CR	Compliance report
CSC	Capability Sub-Committee
DCE	Digital currency exchange
EGMs	Electronic gaming machines
FAST	Fugitive Apprehension Strike Team
FATF	Financial Action Task Force

Abbreviation/acronym	Description
FIAC	Financial Intelligence Analyst Course
FICG	Financial Intelligence Consultative Group
FINTRAC	Financial Transactions and Reports Analysis Centre of Canada
FIU	Financial intelligence unit
Five Eyes	Intelligence alliance comprising Australia, Canada, New Zealand, the United Kingdom, and United States of America
FOI	Freedom of information
FOI Act	<i>Freedom of Information Act 1988</i>
FRSC	Finance and Resourcing Sub-Committee
GC	AUSTRAC's Governance Committee
iDAM	Identity and Access Management
IFA	Individual Flexibility Arrangement
IFTI	International funds transfer instruction
INTERPOL	International Criminal Police Organisation
IPS	Information Publication Scheme
J5	Joint Chiefs of Global Tax Enforcement
JTFG	Joint Threat Finance Taskforce
KSP	Office of the President (Indonesian: Kantor Staf Presiden Republik Indonesia)
ML/TF	Money laundering/terrorism financing
MLTF	Money Laundering Taskforce
MOU	Memorandum of understanding
NFT	Non-fungible token
NIC	National Intelligence Community
ONI	Office of National Intelligence
PEP	Politically exposed person
PFIC	Pacific Financial Intelligence Community

Abbreviation/acronym	Description
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
POI	Person of interest
Reporting entity	Entity that must report to AUSTRAC under the AML/CTF Act
RFIAC	Regional Financial Intelligence Analyst Course
SARPP	Strengthening AML/CTF Response in the Philippines Programme
Sextortion	Form of blackmail where someone threatens to share a nude, sexual image or video unless the victim surrenders to their demands, usually for financial gain
SFCT	Serious Financial Crime Taskforce
SMR	Suspicious matter report
SRC Act	<i>Safety, Rehabilitation and Compensation Act 1988</i>
TAP	Targeting and Prioritisation model
TBML	Trade-based money laundering
TES	Transaction Reports Analysis and Query Enquiry System
TTR	Threshold transaction report
WHS Act	<i>Work Health and Safety Act 2011</i>

Index

A

accountable authority, 27, 128, 130

advertising, 137

Advice and Guidance Working Group (AGWG), 47

agency overview, 12

agency resource statements 2022-23, 176

Alerting project, 95

AML/CTF regime, 17
 effectiveness, 11
 reforms, 11, 18, 69
 Rules, 47, 69

AML/CTF regulator, 9, 14, 17
 regulatory activities, 17
 regulatory approach, 17

Analyst Work Bench (AWB), 88-89, 93-94

annual performance statements 2022-23, 27

Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act), 47
 breaches, 10
 compliance with, 17
 exemptions, 73-74
 extending, 18
 modifications, 73-74
 objectives, 14
 obligations, 50

APS Commission's State of the Service reports, 149

APS Net Zero 2030, 138

APS Statistical Bulletin, 149

ASEAN Program, 77, 80

Asia/Pacific Group on Money Laundering, 19

Asia-Pacific partners, 15

asset management, 137

Attorney-General's Department, 11, 18, 28, 69

Audit and Risk Committee (ARC), 124

AusTender, 133, 134

AUSTRAC Enterprise Agreement, 145

AUSTRAC leadership strategy, 143, 148

AUSTRAC Mentor Program, 148

AUSTRAC Pacific Islands Partnership Program (APIPP), 76, 79

Australia's Disability Strategy, 149

Australian Banking Association (ABA), 54, 68, 69

Australian Border Force (ABF), 38, 90, 120

Australian Centre to Counter Child Exploitation (ACCCE), 43, 109-10

Australian Criminal Intelligence Commission (ACIC), 38, 42, 90

Australian Federal Police (AFP), 9, 38, 42, 90, 91, 94, 109, 111, 112

Australian Financial Markets Association, 69

Australian Institute of Superannuation Trustees (AIST), 54, 72

Australian National Audit Office (ANAO), 129
access clauses, 136
Independent auditor's report on
financial statements, 179

Australian Public Service (APS)
Census results, 143
Employee Census, 98
Values and Code of Conduct, 129

Australian Qualifications Framework (AQF), 148

Australian Securities and Investments
Commission (ASIC)
Indigenous Super Summit, 72

Australian Taxation Office (ATO), 40, 88-89, 90,
94, 117

B

Brown, Bradley, 20, 22

bullion dealers, 15, 47

bullion sector risk assessments, 81, 82

C

Canada, 45, 115

capabilities of agency, 15, 16

Capability and Strategy Division, 20

casino sector, 67, 85

Casino Working Group, 118

Chief Executive Officer, 11, 20, 22

child exploitation, 18, 36, 43, 45, 130
sexual, 43, 109-110, 119, 130

Child Safe Framework, 130

civil penalty proceedings, 10, 67, 175

cocaine importation, 91

Comcare, 149

Commonwealth Bank, 9

compliance report (CR), 29, 60
non-lodgement campaign, 62
timely submission, 63

consultancy contracts, 133

Content Management System (CMS)/CR 2022
Project, 95, 96

corporate governance, 123

corporate plan 2022-26, 15, 27, 99, 129

corporate plan 2023-27, 57, 72, 75, 77, 82, 85,
87, 91, 97, 99, 128

corruption, 36, 129, 130

Counter Foreign Interference Taskforce
(CFITF), 37

COVID-19, 149

Criminal Assets Confiscation Taskforce
(CACT), 34, 90-91

cross-border movement of monetary
instruments (CBM-MI), 68, 96

Cross-border movements project, 95, 96

Crown Casinos, 9, 10, 67, 175

cryptocurrency, 9, 38, 39, 91, 118, 121

Cryptocurrency Conference, 69

cybercrime, 11, 18, 45

D

data storage and access, 19

Department of Agriculture, Fisheries and Forestry (DAFF), 114

Department of Climate Change, Energy, the Environment and Water (DCCEEW), 114

Department of Finance, 136

Department of Foreign Affairs and Trade (DFAT), 76, 77

Department of Home Affairs, 94

Digital Currency Exchanges (DCEs), 43

Disability Strategy 2021-2031, 149

Diversity and Inclusion Program 2019-23, 144

domestic violence offender, 109

Dreyfus, Hon Mark, KC MP, 14

drug trafficking, 18

drugs, 36, 45
cocaine importation, 91

E

ecologically sustainable development, 138

education, 7, 17, 47, 49, 64, 110

Egmont Group of FIUs, 19

e-learning, 50, 71, 248

electronic gaming machines, 10, 66

Emerging Leaders program, 99, 148

employees
learning and development, 98,
146-47
statistics, 150-67

employment conditions, 146

enabling capabilities, 19

enforcement action, 17, 63, 67

enforcement investigations, 65

environmental crime project, 114

environmental performance, 138

errors in previous annual report, 140

executive remuneration, 146, 168

executive team, 22

external scrutiny, 131

F

finance law compliance, 130

Financial Action Task Force (FATF), 11, 18, 19, 43

Financial Intelligence Analyst Course (FIAC), 79

Financial Intelligence Consultative Group (FICG), 10, 45

Financial Intelligence Unit (FIU), 9, 14, 18, 44

financial performance 2022-23, 175

Financial Transaction Reports Act 1988
compliance with, 17

financial statements, 182-210

Fintel Alliance , 9, 18, 43, 83, 103-21
operational highlights, 108
partners, 18, 19, 121

Five Eyes, 15, 45, 115

fraud, 18, 36, 45
combating, 19

fraud control and integrity, 129

freedom of information, 132

Fugitive Apprehension Strike Team (FAST), 112

functions of agency, 14

G

Global Coalition to Fight Financial Crime, 19

Glossary, 222

Google Analytics, 49

Governance Committee (CG), 123, 146

governance framework, 123

grants, 138

greenhouse gas emissions, 138-39

guidance campaigns/materials, 49, 52-53, 71

H

Hong Kong Special Administrative Region (SAR), 45

I

identification, standard forms of, 54, 72

Identity and Access Management (iDAM)
project, 95

individual flexibility arrangement (IFA), 146

Indonesia, 76

induction program, 50

industry
contribution levies, 86
surveys, 53, 101

inflation, 85

integrity framework, 129

Intelligence Division, 20, 57

interest rate rises, 85

internal audit, 129

international partners, 19

J

Joint Threat Finance Taskforce (JTFF), 37, 38

JWS Research, 99, 101

K

KSP-AUSTRAC Program (Indonesia), 76, 79

L

Leadership Strategy 2022-25, 148

Learning and Development Framework
2021-23, 98, 146
 common learning requirements, 147

legal costs, reimbursement of, 175

legal services expenditure, 137

list of requirements, 212-21

M

Malaysia, 10

market research, 137

Mekong Program, 77, 80

memorandum of understanding (MOU), 94

Miller, Katie, 20, 22

ML/TF (money laundering/terrorism financing),
36, 45

 combating, 14, 19
 global nature of, 44
 risk, mitigating, 17
 risk assessments

Money Laundering Taskforce (MLTF), 37, 38

Moss, Dr John, 20, 22

mutual evaluation, 11, 18

Mzimba, Anton, 115

N

National Disability Insurance Agency
(NDIA), 113

National Disability Insurance Scheme
(NDIS), 113

National Intelligence Community (NIC), 18

national security, 18
 combating threats to, 115

net zero 2030 emissions reporting, 138

New South Wales (NSW) Police Force, 109, 111

New Zealand, 45

non-fungible tokens (NFT), 43, 116

O

objectives of agency, 14

Office of National Intelligence (ONI), 42

'One AUSTRAC', 143

OneAUSTRAC Leadership, 99

Operation Avarus-Midas, 91, 121

Operation Huntsman, 109, 110, 131

Optus data breach, 68

organisation chart, 16, 20

organisational structure, 20

organised crime, 9, 10, 14, 18, 27, 36, 43, 105

our culture, 143

our people, 143

outcome of agency, 13

P

Pacific Financial Intelligence Community (PFIC), 10, 76

Pacific FIUs, 45

Papua New Guinea (PNG), 45

Parliamentary committees, appearances before, 131

people smuggling, 45

People's Republic of China, 45
illegal exportation of timber to, 114

performance, 26, 30-36

performance analysis, 29

performance expectations, 28

performance framework, 27

performance measures, 28, 31-36

performance statements 2022-23, 27

performance survey, 53, 99

Philippines Program, 77, 80

pillars, strategic, 13, 27, 29

Portfolio Budget Statements 2022-23, 27

principles of regulator best practice, 28

procurement, 133
initiatives to support small business, 136

Project Anton, 115

Project TAIPAN, 76, 77, 80

Prospera Program, 76

Public Governance, Performance and Accountability Act 2013, 27, 128

Public Governance, Performance and Accountability Rule 2014, 129

Public Service Act 1999, 145

pubs and clubs, 10, 47
enrolment campaign, 66

purchasing, 133

purpose of agency, 13

Q

Queensland Office of Liquor and Gaming Regulation (OLGR), 66

Queensland Police Service (QPS), 43

R

Regional Financial Intelligence Analyst Course (RFIAC), 77

regulatory activities, 17

remittance sector, 47, 81

remuneration

executive, 168

highly paid staff, 172-73

key management personnel, 169

senior executives, 170-71

reportable non-consultancy contracts, 135

reporting entities, 29, 30, 46, 47, 49-54, 60-63, 68, 69, 74, 81-6, 96, 101

trust, 71-72

reports to AUSTRAC, 15

reviewable registration decisions, 65

risk assessments, 81

risk management, 128

role of agency, 14

Rose, Nicole, 9, 22

Russia, sanctions against, 85

S

Safety, Rehabilitation and Compensation Act 1988, 149

sanctions evasion, 18

serious and organised crime, 9, 10, 13, 14, 15, 18, 27, 39, 40, 42, 76, 92, 104, 105, 118

Serious Financial Crime Taskforce (SFCT), 6, 37, 40, 88-89

'sextortion', 110

SkyCity Adelaide Pty Ltd, 10, 67

Soros, Peter, 22, 27

CEO Review, 9-11

Statement of Expectations (SOE), 28

strategic analysis reports, 85

Studies Assistance program, 148

superannuation sector, 47

threat update, 81

supervision matters, 65

surveys, 51, 58, 69, 72, 81, 92

industry association, 101

intelligence partner, 101

Suspicious Matter Reports (SMRs), 83, 106

Sydney property project, 95, 97

T

targeting and prioritisation (TAP) model, 65

Tax Crime and Evasion Working Group, 117

tax evasion, 36, 40, 43, 82

Tax Practitioners Board (TPB), 43

The Star Entertainment QLD Limited, 10, 67

The Star Pty Limited, 10, 67

Threshold Transaction Reports (TTRs), 6

Trade-based money laundering working group, 120

triage matters, 65

tyres, exportation of, 114

U

United Kingdom (UK), 45

United Nations Convention on the Rights of Persons with Disabilities, 149

United States of America (USA), 45

V

Virtual Assets Contact Group, 69

Virtual Assets Working Group, 118

Virtual Asset Webinar Series, 76

vision of agency , 13

W

webinars, 51, 148

website, 10, 47-49, 71

Week of Action, 111-12

Westpac Banking Corporation, 9

wildlife trafficking, 106, 114-16

Women in Law Enforcement Strategy Mentoring program, 148

work health and safety, 149

Work Health and Safety Act 2011, 149

workshops, 7, 31, 50-51, 71

writing standards, 55-56

Y

year in review, 6-7

List of Tables

Number	Description	Pg.
1	Summary of results against our performance measures during 2022–23	31
2	Outcomes generated from referrals to relevant taskforces in 2022–23	37
3	Top 5 exchanges with prioritised FIUs by volume	45
4	Percentage of respondents reporting MODERATE or higher for AUSTRAC's event/workshops and e-learning	51
5	AUSTRAC's 8 intelligence product analytic writing standards	56
6	Reporting entities strengthening AML/CTF controls after AUSTRAC's engagement	61
7	Changes in Reporting Entities behaviour reported in annual CRs	61
8	Submission of compliance reports before due dates over the past 3 years	63
9	Regulatory work proactively identified by AUSTRAC	65
10	Exemptions and modifications granted under section 248 over the past 2 years	74
11	Exemptions made under chapter 75 of the AML/CTF Rules over the past 2 years	74
12	International development program activities completed during 2022–23	79
13	Percentage of respondents reporting MODERATE or higher influence on their risk mitigation attitudes or behaviours for AUSTRAC's sector-based risk assessment products	82
14	Levy collection rate over the past 3 years	87
15	Liabilities raised attributable to AUSTRAC data and financial intelligence	89
16	AUSTRAC data use by the ATO (outside of the SFCT)	89
17	Response rating scales and survey questions for corporate plan measures	100
18	Audit and Risk Committee members for 2022–23	124
19	Freedom of information requests	132

Number	Description	Pg.
20	Reportable consultancy contracts 2022–23	133
21	Top 5 organisations receiving share of reportable consultancy contract expenditure 2022–23	134
22	Reportable non-consultancy contracts 2022–23	135
23	Organisations receiving a share of reportable non-consultancy contract expenditure 2022–23	135
24	Contracts exceeding \$100,000 that did not include clauses for ANAO access	136
25	Greenhouse gas emissions inventory—location based method 2022–23	139
26	Greenhouse gas emissions inventory—market-based method 2022–23	139
27	Priorities for common learning	147
28	All ongoing employees current report period (2022–23)	150
29	All non-ongoing employees current report period (2022–23)	152
30	All ongoing employees previous report period (2021–22)	154
31	All non-ongoing employees previous report period (2021–22)	155
32	Australian Public Service Act ongoing employees current report period (2022–23)	156
33	Australian Public Service Act non-ongoing employees current report period (2022–23)	158
34	Australian Public Service Act ongoing employees previous report period (2021–22)	160
35	Australian Public Service Act non-ongoing employees previous report period (2021–22)	161
36	Australian Public Service Act employees by full-time and part-time status current report period (2022–23)	162
37	Australian Public Service Act employees by full-time and part-time status previous report period (2021–22)	163
38	Employment type by location current report period (2022–23)	164

Number	Description	Pg.
39	Australian Public Service Act Employment type by location previous report period (2021–22)	165
40	Australian Public Service Act Indigenous employment current report period (2022–23)	166
41	Australian Public Service Act Indigenous employment previous report period (2021–22)	166
42	Australian Public Service Act employment arrangements current report period (2022–23)	166
43	Australian Public Service Act employment salary ranges by classification level (minimum/maximum) current report period (2022–23)	167
44	Remuneration for key management personnel	168
45	Remuneration for senior executives	170
46	Remuneration for other highly-paid staff	172
47	Agency resource statements 2022–23	176
48	Expenses by outcome for 2022–23	177

List of Figures

Number	Description	Pg.
1	Industry specific navigation on previous AUSTRAC website	47
2	Industry specific navigation on updated AUSTRAC website	48
3	Improved All guidance resources page on updated AUSTRAC website	49
4	Usefulness of AUSTRAC's guidance materials (number of respondents)	53
5	Impact of AUSTRAC's intelligence products (%)	59
6	AUSTRAC's level of collaboration in the development of AML/CTF Rules and policy settings (number of respondents)	70
7	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)	72
8	Impact of AUSTRAC's data and financial intelligence (%)	92



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