

# AUSTRALIAN TRANSACTION REPORTS AND ANALYSIS CENTRE

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION

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

AUSTRAC's vision is an Australian community that is hostile to money laundering, financing of terrorism, major crime and tax evasion.

Under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) and the *Financial Transactions Reports Act 1988* (FTR Act), AUSTRAC regulates approximately 17,000 businesses ('regulated entities') across diverse industries ranging from the major banks and large casinos through to pubs and clubs and small remittance services. AUSTRAC collects and analyses financial information supplied by regulated entities and disseminates the financial intelligence to the appropriate 'partner agency'. These cover law enforcement, national security, revenue and social justice agencies.

In 2009-10, AUSTRAC will continue to build, adapt and refine systems to assist in efficient and effective handling of its dealings with this diverse regulated population.

AUSTRAC will also maintain its efforts to provide accurate, comprehensive and timely guidance to regulated entities on their obligations.

During 2009-10, AUSTRAC's priority will be completing the transition to the new AML/CTF framework. Entities reporting to AUSTRAC under the AML/CTF Act are known as 'reporting entities'. The final set of obligations under the Act entered into force on 12 December 2008 after an extensive industry education and outreach program and following a two-year staggered implementation period for its obligations. The Policy (Civil Penalty Orders) Principles 2006 provide a 15-month supported compliance period from each of these staggered dates. During this period the AUSTRAC Chief Executive Officer may only apply for a civil penalty order against a reporting entity where the reporting entity has failed to take reasonable steps to comply. The Policy Principles will expire in relation to the final set of obligations in March 2010.

A key aspect of the consolidation of the AML/CTF reforms is the continued strengthening of AUSTRAC's compliance and enforcement capability. AUSTRAC will apply a differentiated approach to supervision, which tailors education, compliance and enforcement strategies to the particular risks and needs of each regulated sector.

In 2009–10, AUSTRAC will inform future policy directions on AML/CTF regulation through advice to the Attorney-General's Department on legislative amendments to improve the administration of the new AML/CTF framework, based on experience in the first two years of the AML/CTF Act's operation.

As Australia's financial intelligence unit, AUSTRAC disseminates its financial intelligence to 35 Commonwealth, state and territory partner agencies. AUSTRAC will maintain a focus on strengthening relationships with domestic partner agencies and, in particular, on ensuring that AUSTRAC's intelligence products align with the operational and strategic priorities of those agencies. AUSTRAC will also continue to provide critical financial intelligence support to national investigations and taskforces.

AUSTRAC will continue its program of international capacity-building with financial intelligence units in South-East Asia, South Asia, the Pacific and elsewhere, and maintain its contribution to strengthening the global AML/CTF system through information exchange with counterpart financial intelligence units and involvement in international bodies.

Key challenges for AUSTRAC in 2009–10 relate to the global financial and economic crisis. A new priority for AUSTRAC is to identify, monitor and respond to changes in AML/CTF risk arising from the global financial crisis. This work includes ensuring that industry is vigilant to these risks and that reporting entities remain committed to implementing and complying with AML/CTF obligations despite the difficult economic environment.

AUSTRAC will also continue to direct its resources to those areas of its operations where they can have greatest effect. This particularly applies to AUSTRAC's supervisory resources, which will continue to be concentrated in industry sectors of highest money laundering and terrorism financing risk.

In summary, AUSTRAC's previous focus on introducing and carrying out major AML/CTF reforms will shift in 2009–10 to a focus on consolidating the benefits of the reforms. AUSTRAC's effort is intended to establish through partnership with industry a strong compliance culture and robust national AML/CTF regime, to help protect the integrity and global reputation of the Australian financial environment and economy, and to support the Australian Government's ongoing commitment to combating serious and organised crime and terrorism.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Agency resource statement—Budget estimates for 2009–10 as at Budget, May 2009**

	Estimate of prior year amounts available in 2009–10 (\$'000)	+ Proposed at Budget 2009–10 (\$'000)	=	Total estimate 2009–10 (\$'000)	Actual available appropriation 2008–09 (\$'000)
<b>ORDINARY ANNUAL SERVICES</b>					
<b>Departmental</b>					
Prior year departmental appropriation	7,407 <sup>5</sup>	–		7,407	–
Departmental appropriation	–	57,336 <sup>1</sup>		57,336	54,095 <sup>3</sup>
S 31 relevant agency receipts	–	920 <sup>4</sup>		920	3,824 <sup>4</sup>
<b>Total ordinary annual services</b>	<b>A</b>	<b>7,407</b>	<b>58,256</b>	<b>65,663</b>	<b>57,919</b>
<b>OTHER SERVICES</b>					
<b>Departmental non-operating</b>					
Equity injections	–	409 <sup>2</sup>		409	–
<b>Total other services</b>	<b>B</b>	<b>–</b>	<b>409</b>	<b>409</b>	<b>–</b>
<b>Total available annual appropriations</b>		<b>7,407</b>	<b>58,665</b>	<b>66,072</b>	<b>57,919</b>
<b>SPECIAL ACCOUNTS</b>					
Opening balance <sup>6</sup>	–	–		–	1
Non-appropriation receipts to special accounts	–	3		3	1
<b>Total special accounts</b>	<b>C</b>	<b>–</b>	<b>3</b>	<b>3</b>	<b>2</b>
<b>Total net resourcing for agency (A+B+C)</b>		<b>7,407</b>	<b>58,668</b>	<b>66,075</b>	<b>57,921</b>

All figures are GST exclusive.

1. Appropriation Bill (No. 1) 2009–10.
2. Appropriation Bill (No. 2) 2009–10.
3. Appropriation Bill (No. 1) 2008–09.
4. The estimates in this table include prepayments and other differences not included in the estimates of receipts in Budget Paper No. 4.
5. Estimated adjusted balance carried forward from previous year for annual appropriations.
6. Estimated opening balance for special accounts. For further information on special accounts see table 3.1.2.

### 1.3 BUDGET MEASURES

Budget measures relating to AUSTRAC are detailed in Budget Paper No. 2 and are summarised below.

**Table 1.2: Agency 2009–10 Budget measures**

	Program	2008–09 (\$'000)	2009–10 (\$'000)	2010–11 (\$'000)	2011–12 (\$'000)	2012–13 (\$'000)
<b>EXPENSE MEASURES</b>						
<b>Africa—law and justice frameworks—Australian assistance</b>	2					
Departmental expenses		–	1,915	1,943	1,979	1,999
<b>Strategic compliance—continuing to address the abuse of tax havens</b>	2					
Departmental expenses		–	690	697	705	713
<b>Australian Transaction Reports and Analysis Centre—efficiencies in reporting entity compliance</b>	1					
Departmental expenses		–	(700)	(700)	(700)	(700)
<b>Total expense measures</b>						
Departmental	<b>Total</b>	<b>–</b>	<b>1,905</b>	<b>1,940</b>	<b>1,984</b>	<b>2,012</b>
<b>CAPITAL MEASURES</b>						
<b>Africa—law and justice frameworks—Australian assistance</b>	2					
Departmental expenses		–	264	–	–	–
<b>Strategic compliance—continuing to address the abuse of tax havens</b>	2					
Departmental expenses		–	145	–	–	–
<b>Total capital measures</b>						
Departmental	<b>Total</b>	<b>–</b>	<b>409</b>	<b>–</b>	<b>–</b>	<b>–</b>

Prepared on a Government Finance Statistics (fiscal) basis.

### 1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009–10 Budget, all General Government Sector (GGS) entities will be reporting on a program basis. Figure 2 outlines the transition from the 2008–09 Budget year (as at Additional Estimates), which was presented in administered items, outputs and output groups, to the program reporting framework used for the 2009–10 Budget. The table also captures revisions made to AUSTRAC's outcome statement under the Operation Sunlight Outcome Statements Review.

**Figure 2: Transition table**

2008–09 Budget year	2009–10 Budget year
Outcome 1: A financial environment hostile to money laundering, financing of terrorism, major crime and tax evasion	Outcome 1: A financial environment hostile to money laundering, financing of terrorism, major crime and tax evasion through industry regulation and the collection, analysis and dissemination of financial intelligence
Output Group 1.1: Australia's anti-money laundering and counter-terrorism financing regulator	Program 1.1: Australia's anti-money laundering and counter-terrorism financing regulator
Output Group 2: Australia's financial intelligence unit	Program 1.2: Australia's financial intelligence unit

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the government on the Australian community. Agencies deliver programs, which are the government actions taken to deliver the stated outcomes. Agencies are required to identify the programs that contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of AUSTRAC in achieving government outcomes.

**Outcome 1: A financial environment hostile to money laundering, financing of terrorism, major crime and tax evasion through industry regulation and the collection, analysis and dissemination of financial intelligence**

#### Outcome 1 strategy

AUSTRAC achieves its outcome by operating as Australia's AML/CTF regulator and financial intelligence unit. AUSTRAC's strategy involves continued implementation of AML/CTF reforms in partnership with industry, government and others; building the trust of the community, industry and government in AUSTRAC as Australia's AML/CTF regulator; improving industry compliance with their obligations; and maintaining AUSTRAC's reputation as a global leader in collecting, analysing and disseminating financial intelligence.

## Outcome 1 budgeted expenses and resources

Table 2.1 provides an overview of the total expenses for Outcome 1, by program.

**Table 2.1: Budgeted expenses and resources for Outcome 1**

	2008–09 Estimated actual expenses (\$'000)	2009–10 Estimated expenses (\$'000)
<b>Outcome 1: A financial environment hostile to money laundering, financing of terrorism, major crime and tax evasion through industry regulation and the collection, analysis and dissemination of financial intelligence</b>		
<b>Program 1.1: Australia's anti-money laundering and counter-terrorism financing regulator</b>		
Administered expenses		
Special accounts	2	3
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	30,565	31,192
Revenues from independent sources (Section 31)	1	1
Expenses not requiring appropriation in the Budget year <sup>1</sup>	19	21
<b>Total for Program 1.1</b>	<b>30,587</b>	<b>31,217</b>
<b>Program 1.2: Australia's financial intelligence unit</b>		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	23,530	26,144
Revenues from independent sources (Section 31)	701	4,041
Expenses not requiring appropriation in the Budget year <sup>1</sup>	19	20
<b>Total for Program 1.2</b>	<b>24,231</b>	<b>30,205</b>
<b>Outcome 1 totals by appropriation type</b>		
Administered expenses		
Special accounts	2	3
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	54,095	57,336
Revenues from independent sources (Section 31)	702	4,042
Expenses not requiring appropriation in the Budget year <sup>1</sup>	38	41
<b>Total expenses for Outcome 1</b>	<b>54,837</b>	<b>61,422</b>
	<b>2008–09</b>	<b>2009–10</b>
<b>Average staffing level (number)</b>	330	318

Departmental appropriation splits and totals are indicative estimates and may change in the course of the Budget year as government priorities change.

1. Goods and services received free of charge.

## Contributions to Outcome 1

### Program 1.1: Australia's anti-money laundering and counter-terrorism financing regulator

#### Program objective

Program 1.1 encompasses AUSTRAC's regulatory objective of countering money laundering and terrorism financing through increased compliance by the financial and gambling sectors with their obligations under the FTR and AML/CTF Acts.

AUSTRAC works to achieve this program objective through supervision of regulated entities and regulatory policy development and implementation. Industry consultation helps to identify areas of the law where AML/CTF regulation can be strengthened.

AUSTRAC addresses the risk of non-compliance through industry outreach, assessment and supervision of regulated entities and sectors, and, where required, remedial and escalated enforcement action. Input from the financial intelligence unit (Program 1.2) also complements compliance information on high-risk sectors that require closer supervision. Compliance information can, in turn, assist the financial intelligence unit to identify and counter money laundering and terrorism financing risks, including emerging threats (Program 1.2 objective).

<b>Program 1.1 expenses</b>					
	<b>2008–09 Revised budget</b>	<b>2009–10 Budget</b>	<b>2010–11 Forward year 1</b>	<b>2011–12 Forward year 2</b>	<b>2012–13 Forward year 3</b>
Annual departmental expenses					
Employee benefits	17,608	16,975	17,423	17,715	17,776
Suppliers	10,980	11,839	8,402	8,608	9,157
Depreciation and amortisation	2,167	2,510	2,229	2,230	1,836
<b>Total program expenses</b>	<b>30,755</b>	<b>31,324</b>	<b>28,054</b>	<b>28,553</b>	<b>28,769</b>

**Program 1 deliverables**

In 2009–10 and forward years, AUSTRAC will:

*Supervision*

- provide assistance tailored to the needs of entities and industry sectors
- risk rate industry sectors and provide targeted industry supervision
- take compliance and remedial action where required, and
- provide information to the financial intelligence unit (Program 1.2) on money laundering and terrorism financing risks.

*Regulatory policy*

- make AML/CTF Rules and issue exemptions and modifications
- publish guidance notes, an AML/CTF regulatory guide and other material to assist reporting entities to comply with the FTR and AML/CTF Acts, and
- provide advice to government and international bodies that is aimed at strengthening AML/CTF regulation.

<b>Deliverables</b>	<b>2008–09 Revised budget</b>	<b>2009–10 Budget</b>	<b>2010–11 Forward year 1</b>	<b>2011–12 Forward year 2</b>	<b>2012–13 Forward year 3</b>
Education and awareness programs delivered to industry <sup>1</sup>	Education and awareness programs conducted for all regulated sectors	Assistance delivered to industry sectors according to compliance and risk profile	Assistance delivered to industry sectors according to compliance and risk profile	Assistance delivered to industry sectors according to compliance and risk profile	Assistance delivered to industry sectors according to compliance and risk profile
Industry sectors risk rated	All regulated sectors risk rated	Ongoing risk rating of all regulated sectors	Ongoing risk rating of all regulated sectors	Ongoing risk rating of all regulated sectors	Ongoing risk rating of all regulated sectors
Annual supervisory program	New	95% of assessments in supervisory program completed	95% of assessments in supervisory program completed	95% of assessments in supervisory program completed	95% of assessments in supervisory program completed
Effective use of remedial powers to promote compliance	New	Identify and take action on appropriate cases	Identify and take action on appropriate cases	Identify and take action on appropriate cases	Identify and take action on appropriate cases

**Program 1 deliverables (continued)**

<b>Deliverables</b>	<b>2008–09 Revised budget</b>	<b>2009–10 Budget</b>	<b>2010–11 Forward year 1</b>	<b>2011–12 Forward year 2</b>	<b>2012–13 Forward year 3</b>
Development of rules and guidance to meet industry and government needs	AML/CTF rules registered and guidance published addressing issues raised by government and industry	AML/CTF rules registered and guidance published addressing issues raised by government and industry	AML/CTF rules registered and guidance published addressing issues raised by government and industry	AML/CTF rules registered and guidance published addressing issues raised by government and industry	AML/CTF rules registered and guidance published addressing issues raised by government and industry
Advice on identified law improvements provided to government	New	Timely and quality advice on proposed law improvements	Timely and quality advice on proposed law improvements	Timely and quality advice on proposed law improvements	Timely and quality advice on proposed law improvements

1. With the AML/CTF Act fully in effect since December 2008, AUSTRAC has shifted from a broad education and awareness program to targeted assistance in line with its differentiated supervision strategy.

**Program 1 key performance indicators**

Increased industry compliance with AML/CTF Act obligations demonstrates the effectiveness of Program 1 and is measured across a number of indicators through:

- continued growth in the number of regulated entities enrolled with AUSTRAC (non-mandatory) and the number of regulated entities registered with AUSTRAC (mandatory)
- an increased number of regulated entities with compliance programs in place
- the rectification of identified non-compliance to address potential vulnerabilities in Australia’s AML/CTF regime
- from 2010–11, when the AML/CTF Act is fully in effect and the periods provided for in the Policy (Civil Penalty Orders) Principles 2006 come to an end, increased effectiveness of regulated entities’ compliance programs, and
- from 2010–11, increased volumes and quality of reporting to AUSTRAC by regulated entities.

Key performance indicators	2008–09 Revised budget	2009–10 Budget target	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Level of industry compliance	80% of identified regulated entities have compliance programs in place	80% of identified regulated entities have compliance programs in place;	85% of identified regulated entities have compliance programs in place	85% of identified regulated entities have compliance programs in place	90% of identified regulated entities have compliance programs in place
Significant non-compliance rectified	New	Selected cases of detected non-compliance addressed	Selected cases of detected non-compliance addressed	Selected cases of detected non-compliance addressed	Selected cases of detected non-compliance addressed
Improved industry understanding of obligations	New	Industry monitoring demonstrates improved awareness and understanding	Industry monitoring demonstrates improved awareness and understanding	Industry monitoring demonstrates improved awareness and understanding	Industry monitoring demonstrates improved awareness and understanding
Policy developed in line with international standards	Policy reflects international standards	Policy reflects international standards	Policy reflects international standards	Policy reflects international standards	Policy reflects international standards

### Program 1.2: Australia’s financial intelligence unit

#### Program objective

Program 1.2 encompasses AUSTRAC’s financial intelligence objective of countering money laundering and the financing of terrorism through:

- the collection and analysis of financial information to produce financial intelligence
- dissemination of financial intelligence to partner agencies
- providing partner agencies access to, and support in the use of, AUSTRAC databases, and
- contributing to international efforts directed at AML/CTF including the exchange of information with foreign financial intelligence units and capacity building assistance with financial intelligence units in the Asia-Pacific region and elsewhere.

Linked to the Attorney-General Department's Southeast Asian counter-terrorism program; the Australian Taxation Office's strategic compliance program; AusAID's financial monitoring unit capacity building program (Pakistan), financial intelligence capacity building in South Asia program, Pacific region FIU capacity building project and PPATK/AUSTRAC partnership program (Indonesia); and the Department of Foreign Affairs and Trade's rule of law, Africa program.

<b>Program 1.2 expenses</b>					
	<b>2008-09 Revised budget</b>	<b>2009-10 Budget</b>	<b>2010-11 Forward year 1</b>	<b>2011-12 Forward year 2</b>	<b>2012-13 Forward year 3</b>
<b>(\$'000)</b>					
Annual departmental expenses					
Employee benefits	14,999	16,309	16,740	17,021	17,078
Suppliers	9,353	11,375	8,072	8,271	8,797
Depreciation and amortisation	1,846	2,411	2,142	2,142	1,764
<b>Total program expenses</b>	<b>26,198</b>	<b>30,095</b>	<b>26,954</b>	<b>27,433</b>	<b>27,639</b>

### **Program 1.2 deliverables**

In 2009-10 and forward years, AUSTRAC will:

- maintain high levels of database availability for AUSTRAC and for use of partner agencies
- provide training and onsite assistance to users of AUSTRAC databases within partner agencies
- produce financial intelligence to support partner agency and major taskforce operations, including strategic intelligence on AML/CTF risks, typologies and emerging threats
- establish and manage mechanisms for exchange of financial intelligence with foreign financial intelligence units, and
- provide technical assistance and training to financial intelligence units in Southeast Asia, South Asia, the Pacific and elsewhere.

<b>Deliverables</b>	<b>2008–09 Revised budget</b>	<b>2009–10 Budget</b>	<b>2010–11 Forward year 1</b>	<b>2011–12 Forward year 2</b>	<b>2012–13 Forward year 3</b>
High level of database availability	97% availability	97% availability	97% availability	97% availability	97% availability
Promote and support partner agency use of AUSTRAC databases and information	New	Feedback indicates improved intelligence and operational outcomes	Feedback indicates improved intelligence and operational outcomes	Feedback indicates improved intelligence and operational outcomes	Feedback indicates improved intelligence and operational outcomes
Analysis and dissemination of matters of intelligence interest	800 intelligence products disseminated	95% of planned intelligence products disseminated	95% of planned intelligence products disseminated	95% of planned intelligence products disseminated	95% of planned intelligence products disseminated
Feedback on money laundering and terrorism financing methods and risk to reporting entities <sup>1</sup>	2008 <i>Typologies and Case Studies Report</i> published	Typologies and Case Studies Reports published	Typologies and Case Studies Reports published	Typologies and Case Studies Reports published	Typologies and Case Studies Reports published
International relationships established and strengthened	New international exchange instruments signed and relationships strengthened	New international exchange instruments signed and relationships strengthened	New international exchange instruments signed and relationships strengthened	New international exchange instruments signed and relationships strengthened	New international exchange instruments signed and relationships strengthened

1. The annual *AUSTRAC Case Studies and Typologies Report* also supports Program 1 objectives to assist industry to meet its obligations through feedback on money laundering and terrorism financing risks.

**Program 1.2 key performance indicators**

The provision of financial intelligence to AUSTRAC’s partner agencies and overseas financial intelligence units, coupled with technical assistance and training, lead to success in countering money laundering and terrorism financing as demonstrated through:

- increased usage of AUSTRAC databases by partner agencies, which indicates the utility of AUSTRAC information and value of training and onsite assistance
- financial intelligence assessments produced by AUSTRAC that contribute to partner agency and major taskforce operations
- increased financial intelligence exchange which indicates the effectiveness of AUSTRAC’s international exchange instruments and value of its financial intelligence, and
- the effectiveness of AUSTRAC international technical assistance and training, as measured by the internationally accepted indicator of delivered outcomes against agreed program objectives and budget.

Key performance indicators	2008–09	2009–10 Budget target	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
	Revised budget				
Increased use of AUSTRAC database	New	Partner agency usage increases 5%	Partner agency usage increases 5%	Partner agency usage increases 5%	Partner agency usage increases 5%
Value of AUSTRAC information and financial intelligence to partner agency and taskforce operations	New	Number and significance of operational matters to which AUSTRAC has contributed	Number and significance of operational matters to which AUSTRAC has contributed	Number and significance of operational matters to which AUSTRAC has contributed	Number and significance of operational matters to which AUSTRAC has contributed
Increased financial intelligence exchange with foreign financial intelligence units	New	95% of program disseminations achieved	95% of program disseminations achieved	95% of program disseminations achieved	95% of program disseminations achieved
International technical assistance meets the requirements of regional financial intelligence units	New	Technical assistance delivered in accordance with program and budget	Technical assistance delivered in accordance with program and budget	Technical assistance delivered in accordance with program and budget	Technical assistance delivered in accordance with program and budget

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements that provide a comprehensive snapshot of agency finances for the Budget year 2009–10. It explains how Budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, and special accounts.

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Movement of administered funds between years

AUSTRAC has not moved any administered funds between years.

#### 3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used AUSTRAC.

**Table 3.1.2: Estimates of special account cash flows and balances**

		Opening balance 2009–10 2008–09	Receipts 2009–10 2008–09	Payments 2009–10 2008–09	Closing balance 2009–10 2008–09
	Outcome	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Other Trust Moneys Special Account—FMA Act s 20 (A)	1	–	3	(3)	–
	1	1	1	(2)	–
<b>Total special accounts 2009–10 Budget estimate</b>		–	3	(3)	–
<b>Total special accounts 2008–09 estimate actual</b>		1	1	(2)	–

(A) = Administered.

FMA Act = *Financial Management and Accountability Act 1997*.

#### 3.1.3 Australian Government Indigenous Expenditure

AUSTRAC has no Indigenous-specific expenses.

## **3.2 BUDGETED FINANCIAL STATEMENTS**

### **3.2.1 Differences in agency resourcing and financial statements**

There is no significant difference between the agency resourcing and financial statements.

### **3.2.2 Analysis of budgeted financial statements**

#### **Departmental**

##### *Income statement*

To support the planned progressive implementation of the AML/CTF Act, as well as other new measures announced in the 2009–10 Budget, revenue from government has increased from \$54.095m in 2008–09 to \$57.336m in 2009–10. Accordingly, employee expenses are expected to increase from \$32.607m in 2008–09 to \$33.284m in 2009–10 and supplier expenses are expected to increase from \$20.333m in 2008–09 to \$23.214m in 2009–10. Depreciation expenses are projected to increase in line with the expansion of leasehold property and information technology infrastructure requirements.

##### *Balance sheet*

In 2009–10, AUSTRAC's total assets are expected to decrease from \$21.301m to \$18.903m, primarily due to the extinguishment of an advance received in 2008–09 from the Confiscated Assets Account under the *Proceeds of Crime Act 2002* to improve AUSTRAC's intelligence capabilities. This advance will be expended over the Budget year.

#### **Administered**

AUSTRAC will continue to collect administered receipts from the issuing of infringement notices under the AML/CTF Act. The first infringement notices were issued during 2007–08.

### 3.2.3 Budgeted financial statements tables

#### Departmental

**Table 3.2.1: Budgeted departmental comprehensive income statement  
(for the period ended 30 June)**

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
<b>EXPENSES</b>					
Employee benefits	32,607	33,284	34,163	34,736	34,854
Suppliers	20,333	23,214	16,474	16,878	17,954
Depreciation and amortisation	4,013	4,921	4,371	4,372	3,600
<b>Total expenses</b>	<b>56,953</b>	<b>61,419</b>	<b>55,008</b>	<b>55,986</b>	<b>56,408</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Resources received free of charge	38	41	41	41	41
Other revenue	702	4,042	2	2	2
<b>Total own-source income</b>	<b>740</b>	<b>4,083</b>	<b>43</b>	<b>43</b>	<b>43</b>
<b>Net cost of (contribution by) services</b>	<b>(56,213)</b>	<b>(57,336)</b>	<b>(54,965)</b>	<b>(55,943)</b>	<b>(56,365)</b>
Appropriation revenue	54,095	57,336	54,965	55,943	56,365
<b>Surplus (deficit)</b>	<b>(2,118)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(2,118)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

Prepared on Australian Accounting Standards basis.

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	5,736	2,739	2,648	2,556	2,481
Receivables	1,671	3,782	3,773	3,865	3,940
<b>Total financial assets</b>	<b>7,407</b>	<b>6,521</b>	<b>6,421</b>	<b>6,421</b>	<b>6,421</b>
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	6,905	7,226	7,000	6,850	6,780
Intangibles (software)	5,900	4,067	4,027	3,420	3,420
Other	1,089	1,089	1,089	1,089	1,089
<b>Total non-financial assets</b>	<b>13,894</b>	<b>12,382</b>	<b>12,116</b>	<b>11,359</b>	<b>11,289</b>
Assets held for sale					
<b>Total assets</b>	<b>21,301</b>	<b>18,903</b>	<b>18,537</b>	<b>17,780</b>	<b>17,710</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	5,325	5,472	5,472	5,104	5,104
<b>Total provisions</b>	<b>5,325</b>	<b>5,472</b>	<b>5,472</b>	<b>5,104</b>	<b>5,104</b>
<b>Payables</b>					
Suppliers	4,673	1,719	1,353	964	894
Other	157	157	157	157	157
<b>Total payables</b>	<b>4,830</b>	<b>1,876</b>	<b>1,510</b>	<b>1,121</b>	<b>1,051</b>
<b>Total liabilities</b>	<b>10,155</b>	<b>7,348</b>	<b>6,982</b>	<b>6,225</b>	<b>6,155</b>
<b>Net assets</b>	<b>11,146</b>	<b>11,555</b>	<b>11,555</b>	<b>11,555</b>	<b>11,555</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	12,007	12,416	12,416	12,416	12,416
Reserves	698	698	698	698	698
Retained surpluses or accumulated deficits	(1,559)	(1,559)	(1,559)	(1,559)	(1,559)
<b>Total parent entity interest</b>	<b>11,146</b>	<b>11,555</b>	<b>11,555</b>	<b>11,555</b>	<b>11,555</b>
<b>Total equity</b>	<b>11,146</b>	<b>11,555</b>	<b>11,555</b>	<b>11,555</b>	<b>11,555</b>
<b>Current assets</b>	<b>7,407</b>	<b>6,521</b>	<b>6,421</b>	<b>6,421</b>	<b>6,421</b>
<b>Non-current assets</b>	<b>13,894</b>	<b>12,382</b>	<b>12,116</b>	<b>11,359</b>	<b>11,289</b>
<b>Current liabilities</b>	<b>8,012</b>	<b>5,205</b>	<b>4,839</b>	<b>4,082</b>	<b>4,012</b>
<b>Non-current liabilities</b>	<b>2,143</b>	<b>2,143</b>	<b>2,143</b>	<b>2,143</b>	<b>2,143</b>

\* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	59,190	55,634	54,974	55,851	56,290
Other	3,824	920	2	2	2
<b>Total cash received</b>	<b>63,014</b>	<b>56,554</b>	<b>54,976</b>	<b>55,853</b>	<b>56,292</b>
<b>Cash used</b>					
Employees	32,774	33,453	34,122	35,293	34,883
Suppliers	20,147	22,689	16,840	17,037	17,954
<b>Total cash used</b>	<b>52,921</b>	<b>56,142</b>	<b>50,962</b>	<b>52,330</b>	<b>52,837</b>
<b>Net cash from (used by) operating activities</b>	<b>10,093</b>	<b>412</b>	<b>4,014</b>	<b>3,523</b>	<b>3,455</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	5,478	3,409	4,105	3,615	3,530
<b>Total cash used</b>	<b>5,478</b>	<b>3,409</b>	<b>4,105</b>	<b>3,615</b>	<b>3,530</b>
<b>Net cash from (used by) investing activities</b>	<b>(5,478)</b>	<b>(3,409)</b>	<b>(4,105)</b>	<b>(3,615)</b>	<b>(3,530)</b>
<b>Net increase (decrease) in cash held</b>	<b>4,615</b>	<b>(2,997)</b>	<b>(91)</b>	<b>(92)</b>	<b>(75)</b>
Cash at beginning of reporting period	1,121	5,736	2,739	2,648	2,556
<b>Cash at end of reporting period</b>	<b>5,736</b>	<b>2,739</b>	<b>2,648</b>	<b>2,556</b>	<b>2,481</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity—summary of  
movement (Budget year 2009–10)**

	Retained earnings (\$'000)	Asset revaluation reserve (\$'000)	Contributed equity/ capital (\$'000)	Total equity (\$'000)
<b>Opening balance as at 1 July 2009</b>				
Balance carried forward from previous period	(1,559)	698	12,007	11,146
<b>Income and expenses</b>				
Surplus (deficit) for the period	–	–	–	–
<b>Total income and expenses</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Transactions with owners</b>				
Contribution by owners				
Appropriation (equity injection)	–	–	409	409
<b>Sub-total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>409</b>	<b>409</b>
<b>Estimated closing balance as at 30 June 2010</b>	<b>(1,559)</b>	<b>698</b>	<b>12,416</b>	<b>11,555</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental capital budget statement**

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	–	409	–	–	–
<b>Total capital appropriations</b>	<b>–</b>	<b>409</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Represented by:</b>					
Purchase of non-financial assets	–	409	–	–	–
<b>Total represented by</b>	<b>–</b>	<b>409</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>ACQUISITION OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	–	409	–	–	–
Funded internally from departmental resources <sup>1</sup>	5,478	3,000	4,105	3,615	3,530
<b>TOTAL</b>	<b>5,478</b>	<b>3,409</b>	<b>4,105</b>	<b>3,615</b>	<b>3,530</b>

Prepared on Australian Accounting Standards basis.

1. Includes the following sources of funding:

- annual and prior year appropriations
- internally developed assets
- s 31 relevant agency receipts, and
- proceeds from the sale of assets.

**Table 3.2.6: Statement of departmental asset movements (2009–10)**

	Other infrastructure, plant & equipment (\$'000)	Intangibles (\$'000)	Total (\$'000)
<b>As at 1 July 2009</b>			
Gross book value	14,710	10,266	24,976
Accumulated depreciation/amortisation	7,805	4,366	12,171
<b>Opening net book balance</b>	<b>6,905</b>	<b>5,900</b>	<b>12,805</b>
<b>CAPITAL ASSET ADDITIONS</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase or internally developed	3,409	–	3,409
<b>Sub-total</b>	<b>3,409</b>	<b>–</b>	<b>3,409</b>
<b>Other movements</b>			
Depreciation/amortisation expense	3,088	1,833	4,921
<b>As at 30 June 2010</b>			
Gross book value	18,119	10,266	28,385
Accumulated depreciation/amortisation	10,893	6,199	17,092
<b>Closing net book balance</b>	<b>7,226</b>	<b>4,067</b>	<b>11,293</b>

Prepared on Australian Accounting Standards basis.

**Administered**
**Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)**

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
Other taxes, fees and fines <sup>1</sup>	100	100	100	100	100
<b>Total revenue administered on behalf of government</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Total income administered on behalf of government</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Total expenses administered on behalf of government</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

Prepared on Australian Accounting Standards basis.

1. Proceeds are returned to the Official Public Account.

**Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)**

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	–	–	–	–	–
Receivables	18	23	25	25	25
<b>Total assets administered on behalf of government</b>	<b>18</b>	<b>23</b>	<b>25</b>	<b>25</b>	<b>25</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Total liabilities administered on behalf of government</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows (for the period ended 30 June)**

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Other	87	95	98	100	100
<b>Total cash received</b>	<b>87</b>	<b>95</b>	<b>98</b>	<b>100</b>	<b>100</b>
<b>Net cash from or (used by) operating activities</b>	<b>87</b>	<b>95</b>	<b>98</b>	<b>100</b>	<b>100</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash used</b>					
Cash to Official Public Account	107	95	98	100	100
<b>Total cash used</b>	<b>107</b>	<b>95</b>	<b>98</b>	<b>100</b>	<b>100</b>
<b>Net cash from (used by) financing activities</b>	<b>107</b>	<b>95</b>	<b>98</b>	<b>100</b>	<b>100</b>
<b>Net increase (decrease) in cash held</b>	<b>(20)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Cash at beginning of reporting period	20	–	–	–	–
<b>Cash at end of reporting period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

Prepared on Australian Accounting Standards basis.

### 3.2.4 Notes to the financial statements

#### Basis of accounting

The budgeted financial statements have been prepared in accordance with the requirements of the Finance Minister's Orders, Australian Accounting Standards, Australian Equivalents to International Financial Reporting Standards and Accounting Guidance Releases, and having regard to the Statements of Accounting Concepts.

#### Revenue from government

Appropriations for departmental outputs are recognised as revenue.

#### Employee expenses

Employee expenses consist of salaries, leave entitlements and superannuation.

#### Supplier expenses

Supplier expenses consist of consultant and contractor costs, travel expenses and administrative costs.

## **Cash**

Cash includes notes and coins held and any deposits held at call with a bank or other financial institution.

## **Assets and liabilities**

Assets and liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are, however, not recognised unless required by an Australian Accounting Standard.