

AUSTRALIAN TRANSACTION REPORTS AND ANALYSIS CENTRE

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AUSTRALIAN TRANSACTION REPORTS AND ANALYSIS CENTRE

Section 1: Agency overview

The mission of the Australian Transaction Reports and Analysis Centre (AUSTRAC) is to make a valued contribution towards a financial environment hostile to money laundering, major crime and tax evasion.

AUSTRAC was established by the *Financial Transaction Reports Act 1988* (FTR Act) which authorises the collection, analysis and dissemination of certain financial information as a deterrent to money laundering, terrorism financing, major crime and tax evasion.

AUSTRAC works with its law enforcement, revenue, national security and social justice agency partners to provide useful financial intelligence in relation to matters involving money laundering, terrorism financing, major crime and tax evasion.

Table 1.1: Agency outcomes and output groups

Australian Transaction Reports and Analysis Centre Director: Mr Neil Jensen PSM	
Total Price of Outputs	\$21.296m
Departmental Outcome Appropriation	\$20.870m
Outcome 1: A financial environment hostile to money laundering, major crime and tax evasion	
Total Price of Outputs	\$21.296m
Departmental Outcome Appropriation	\$20.870m
Output 1.1: Deterring money laundering, serious crime and tax evasion	
Total Price	\$5.839m
Appropriation	\$5.821m
Output 1.2: Targeting money laundering, serious crime and tax evasion	
Total Price	\$8.600m
Appropriation	\$8.501m
Output 1.3: Advice on the effectiveness of the FTR Act	
Total Price	\$1.090m
Appropriation	\$1.083m
Output 1.4: Contributions to international efforts directed at the suppression of money laundering, major crime and tax evasion	
Total Price	\$4.110m
Appropriation	\$3.813m
Output 1.5: Privacy and security	
Total Price	\$1.657m
Appropriation	\$1.652m

Section 2: Agency resources for 2005–06

2.1: APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2005–06, including appropriations. The table summarises how revenue will be applied by outcome and departmental classification.

The total appropriation for the Australian Transaction Reports and Analysis Centre in the 2005–06 Budget is \$20.870m.

AUSTRAC does not have an appropriation for an equity injection or loan.

2.2: 2005–06 BUDGET MEASURES

Budget measures relating to Australian Transaction Reports and Analysis Centre as explained in Budget Paper No. 2 are summarised in Table 2.2. The table also identifies the relevant outcome and outputs associated with each measure.

Table 2.1: Appropriations and other revenue 2005–06¹ ('000)

Outcome	Appropriations				Revenue from Other Sources ⁵	Total Resources ⁷
	Bill No. 1	Bill No. 2 ²	Special approp ³	Total approp ⁴		
Outcome 1 A financial environment hostile to money laundering, major crime and tax evasion						
Departmental	20,870	-	-	20,870	426	21,296
Total agency	20,870	-	-	20,870	426	21,296
Departmental capital (equity injections)	-	-	-	-	-	-
Previous year's outputs	-	-	-	-	-	-
Administered assets and liabilities	-	-	-	-	-	-
Total resources	20,870	-	-	20,870	426	21,296

1 This table has been redesigned to correspond with Budget Paper No. 4 'Agency Resourcing'. It now includes (where appropriate) administered revenue from other sources.

2 Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), New Agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.

3 Estimated expenses from any individual Special appropriations are shown at Section 3, Table 3

4 Total appropriations = Bill No. 1 + Bill No. 2 + Special appropriations.

5 Revenue from other sources includes FMA s.31 revenues, CAC body revenues that are available to be expensed, special accounts (non-appropriation revenues) and resources received free of charge.

6 Percentage figures indicate the percentage contribution of Revenue from Government (departmental appropriations) to the total price of outputs, by outcome, and the percentage contribution of Revenue from other sources (departmental) to the total price of outputs, by outcome.

7 Total resources = Total appropriations + Revenue from other sources.

Note: Refer to Budgeted statement of financial performance for application of agency revenue.

Table 2.2: Summary of expense measures disclosed in the 2005–06 Budget (impact on fiscal balance)

Measure	Outcome	Outputs Affected	Appropriations Budget 2005–06 (\$'000)			Appropriations Forward Estimate 2006–07 (\$'000)			Appropriations Forward Estimate 2007–08 (\$'000)			Appropriations Forward Estimate 2008–09 (\$'000)		
			Admin Expenses	Dept Outputs	Total	Admin Expenses	Dept Outputs	Total	Admin Expenses	Dept Outputs	Total	Admin Expenses	Dept Outputs	Total
Efficiency dividend - increase in the rate from 1 per cent to 1.25 per cent	1	1 to 5	-	(52)	(52)	-	(106)	(106)	-	(160)	(160)	-	(160)	(160)
Total			-	(52)	(52)	-	(106)	(106)	-	(160)	(160)	-	(160)	(160)

2.3: OTHER RECEIPTS AVAILABLE TO BE USED

Relevant receipts for AUSTRAC are set out below.

Table 2.3: Other receipts available to be used

	Notes	Estimated Receipts 2004–05 \$'000	Budget Estimate 2005–06 \$'000
DEPARTMENTAL OTHER RECEIPTS			
Resources received free of charge		22	22
Section 31 (FMA Act) receipts		-	-
Other receipts	1	816	404
Total Departmental other receipts available to be used		838	426

1. None of the Other receipts listed in table 2.3 above are due to cost recovery arrangements.

Section 3: Agency outcomes

This section explains how the resources identified in Section 2 will be used to deliver output items to contribute to the single outcome for AUSTRAC.

3.1: SUMMARY OF OUTCOMES, OUTPUTS AND ADMINISTERED ITEMS

AUSTRAC works to achieve the outcome specified by Government. The following section provides a departmental overview, and then the outcome is discussed. The table on the following page shows the relationship between the outcome and outputs.

There have been no changes to the outcome and outputs structure for AUSTRAC.

AUSTRAC allocates all expenditure across its five output groups. Direct costs including salary and operational specific expenditure such as travel are attributed to the relevant output group in the first instance. Overheads which cannot be allocated directly to an output group, including corporate and IT efforts to support the five output groups, other IT expenditure and property operating expenses, are allocated to the five outputs using standard cost accounting methods.

3.2: OUTCOMES — DEPARTMENTAL AND ADMINISTERED

Departmental appropriations by outcome

AUSTRAC has one outcome: A financial environment hostile to money laundering, major crime and tax evasion.

3.3: OUTCOMES RESOURCING

Outcome 1 resourcing

Table 3.1 shows how the 2005–06 Budget appropriations translate to total resourcing for Outcome 1, including revenue from government (appropriation), revenue from other sources (departmental) and the total price of outputs.

No administered items are controlled by the agency on the Government's behalf.

Table 3.1 Total resources for Outcome 1

	Estimated Actual 2004–05 \$'000	Budget Estimate 2005–06 \$'000
DEPARTMENTAL APPROPRIATIONS		
Output Group 1.1 - Deterring money laundering	5,803	5,821
Output Group 1.2 - Targeting money laundering	8,475	8,501
Output Group 1.3 - Advice on effectiveness of FTR Act	1,080	1,083
Output Group 1.4 - Contributions to international efforts	3,800	3,813
Output Group 1.5 - Privacy and security	1,647	1,652
Total departmental appropriations	20,805	20,870
Total revenue from Government (appropriations) Contributing to price of departmental outputs	20,805	20,870
REVENUE FROM OTHER SOURCES		
Output Group 1.1 - Deterring money laundering	10	18
Output Group 1.2 - Targeting money laundering	113	99
Output Group 1.3 - Advice on effectiveness of FTR Act	5	7
Output Group 1.4 - Contributions to international efforts	706	297
Output Group 1.5 - Privacy and security	4	5
Total revenue from other sources	838	426
Total price from departmental outputs (Total revenue from Government and from other sources)	21,643	21,296
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	21,643	21,296
	2004–05	2005–06
Average staffing level (number)	106	119

Note

AUSTRAC has two Special Accounts being services for Other Governments and Non Agency Bodies Account and Other Trust Monies Account. There were no funds transferred into or out of these accounts and both have a nil balance.

Measures affecting Outcome 1

A summary of measure in the 2005–06 Budget is at Table 2.2.1.

Performance information for Outcome 1

Table 3.2 provides information on the strategies chosen to deliver Outcome 1, and shows the links between the outputs and the outcome.

Table 3.2: Performance information for Outcome 1

Effectiveness — overall achievement of the outcome	
<i>Effectiveness indicators</i>	<i>Measures</i>
Deterrence program including collection of FTR information and promotion and enforcement of compliance	The extent to which the deterrence program can be demonstrated to foster an environment hostile to money laundering, serious crime and tax evasion
Targeting program	The extent to which the targeting program can be demonstrated to retard and identify financial activity which facilitates money laundering, serious crime and tax evasion
Advice program	The extent to which the advice program can be demonstrated to maintain and increase the value of the overall program in fostering an environment hostile to money laundering, major crime and tax evasion
International program	The extent to which the international program can be demonstrated to maintain and increase the value of the overall program in fostering an environment hostile to money laundering, major crime and tax evasion
Privacy and security	The extent to which the FTR information is seen to be maintained securely and with due regard to the privacy interests of stakeholders
Performance information for departmental outputs	
<i>Output description</i>	<i>Performance measure</i>
Output 1.1: Deterring money laundering, serious crime and tax evasion	<i>Price:</i> \$5.839m
Sub-output 1.1.1: Collection of FTR information	<i>Quality:</i> Integrity of the reports <i>Quantity:</i> The volume of the reports/support functions
Sub-output 1.1.2: Promotion of the FTR Act compliance	<i>Quality:</i> Feedback from cash dealers and the public <i>Quantity:</i> The number of support functions provided
Sub-output 1.1.3: Individual cash dealer compliance improvement	<i>Quality:</i> Effectiveness of the compliance improvement program <i>Quantity:</i> Number of evaluations and compliance issues identified

<p>Output 1.2: Targeting money laundering, serious crime and tax evasion</p> <p>Sub-output 1.2.1: Dissemination of FTR information</p> <p>Sub-output 1.2.2: Value added FTR information through analysis</p> <p>Sub-output 1.2.3: Promotion of effective use of FTR information</p>	<p><i>Price:</i> \$8.600m</p> <p><i>Quality:</i> Level of system availability</p> <p><i>Quantity:</i> Number of access logons and disseminations</p> <p><i>Quality:</i> Feedback from partner agencies</p> <p><i>Quantity:</i> The number of matters value added and the number of matters taken up by partner agencies</p> <p><i>Quality:</i> Feedback from partner agencies</p> <p><i>Quantity:</i> Increase in the number of accessions to the system and the number of support functions provided</p>
<p>Output 1.3: Advice on effectiveness of the FTR Act</p>	<p><i>Price:</i> \$1.090m</p> <p><i>Quality:</i> Significance of issues and response to issues advised upon</p> <p><i>Quantity:</i> Number of issues identified and advised</p>
<p>Output 1.4: Contribution to international efforts directed at the suppression of money laundering, major crime and tax evasion</p>	<p><i>Price:</i> \$4.110m</p> <p><i>Quality:</i> Significance of issues and response to issues</p> <p><i>Quantity:</i> Number and extent of issues identified</p>
<p>Output 1.5: Privacy and security</p>	<p><i>Price:</i> \$1.657m</p> <p><i>Quality:</i> Significance of risks identified; effectiveness of security safeguards; level of compliance with government guidelines; and extent to which AUSTRAC adopts a security culture</p> <p><i>Quantity:</i> Number of significant issues and incidents identified and addressed</p>

Evaluations for Outcome 1

AUSTRAC seeks regular feedback from its cash dealers and domestic and international partner agencies on the effectiveness of FTR information and its systems for collection and dissemination of FTR information. The agency seeks this information through a variety of feedback mechanisms.

Section 4: Other reporting requirements

There are no other reporting requirements for AUSTRAC for the 2005–06 financial year.

Section 5: Budgeted financial statements

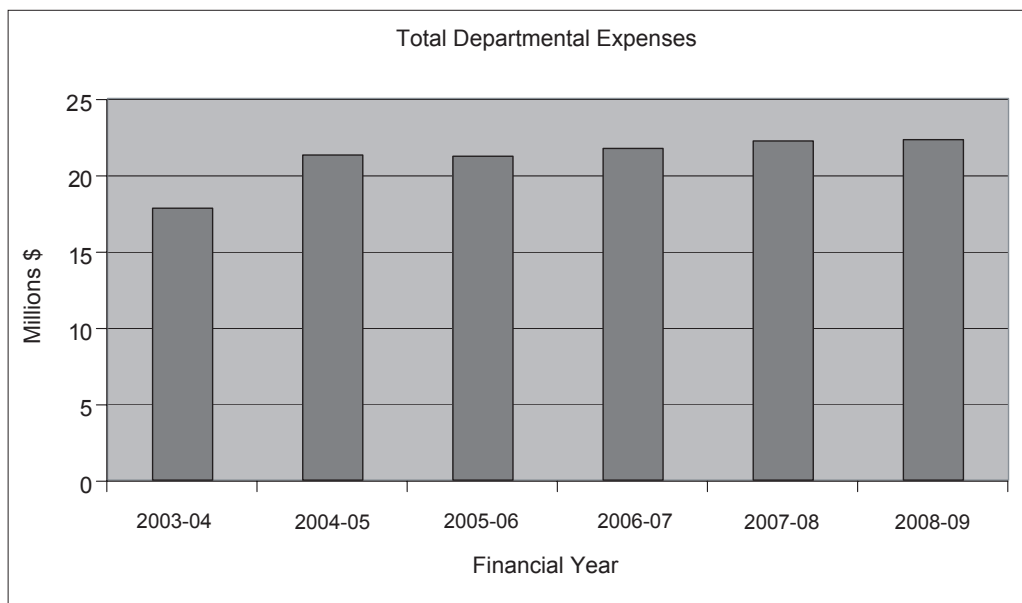
5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The Agency is budgeting to break-even for 2005-06.

Total revenue is estimated to be \$21.296m, a decrease of \$0.347m from the 2004-05 estimated actual. The decrease is primarily as a result of:

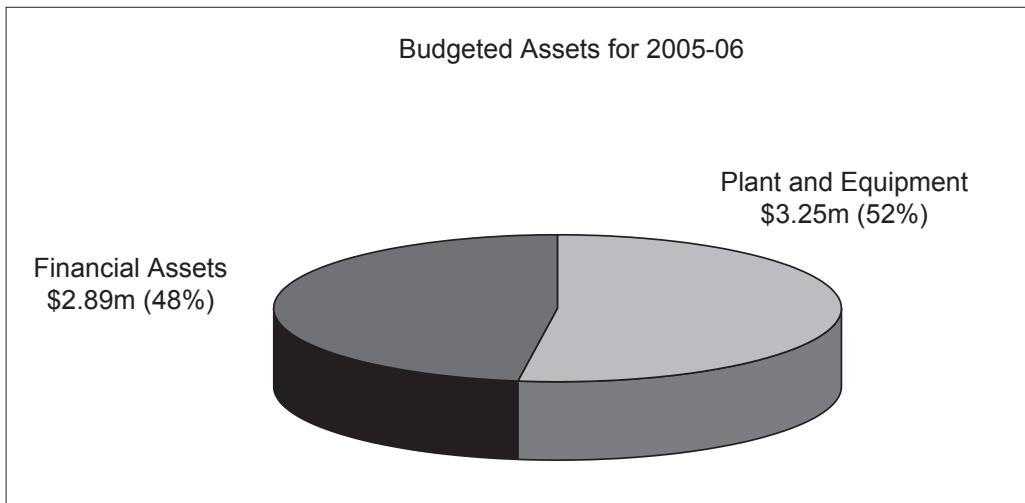
- reduction in AUSTRAC's appropriations as a result of minor budget measures, and
- reduction in revenue from other sources.

Total expenses are estimated to be \$21.296m, a decrease of \$0.347m from the 2004-05 estimated actual. The decrease is due to the impact of the variations detailed above. The following chart shows the total departmental expenses from ordinary activities from 2003-04.



Statement of Financial Position

The Agency's budgeted total assets of \$6.238m represents an increase of \$0.011m from the 2004-05 estimated actual. The following chart shows details of budgeted assets for 2005-06.



The Agency's primary liability continues to be accrued employee entitlements, as a result of accruing leave entitlements, of \$1.85m. The liability is expected to increase by \$0.05m from the 2004-05 financial year.

5.2: BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted Departmental Statement of Financial Performance for the period ended 30 June

	Estimated Actual 2004-05 \$'000	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
REVENUE					
Revenues from ordinary activities					
Revenues from Government	20,805	20,870	21,378	21,857	21,980
Other	838	426	355	360	327
Revenues from ordinary activities	21,643	21,296	21,733	22,217	22,307
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	8,347	8,571	8,802	9,040	9,066
Suppliers	11,858	11,257	11,503	11,747	11,811
Depreciation and amortisation	1,438	1,468	1,428	1,430	1,430
Expenses from ordinary activities(excluding borrowing costs expense)	21,643	21,296	21,733	22,217	22,307
Borrowing costs expense	-	-	-	-	-
Operating surplus or (deficit) from ordinary activities	-	-	-	-	-
Gain or (loss) on extraordinary items	-	-	-	-	-
Net surplus or (deficit)	-	-	-	-	-

Table 5.2: Budgeted Departmental Statement of Financial Position as at 30 June

	Estimated Actual 2004–05 \$'000	Budget Estimate 2005–06 \$'000	Forward Estimate 2006–07 \$'000	Forward Estimate 2007–08 \$'000	Forward Estimate 2008–09 \$'000
ASSETS					
Financial assets					
Cash	2,529	2,529	2,489	2,489	2,345
Receivables	130	128	170	200	170
Other financial assets	337	327	250	250	250
Total financial assets	2,996	2,984	2,909	2,939	2,765
Non-financial assets					
Infrastructure, plant and equipment	3,231	3,254	3,349	3,379	3,503
Total non-financial assets	3,231	3,254	3,349	3,379	3,503
Total assets	6,227	6,238	6,258	6,318	6,268
LIABILITIES					
Provisions					
Employees	1,800	1,850	1,900	1,950	1,950
Total provisions	1,800	1,850	1,900	1,950	1,950
Payables					
Suppliers	109	120	90	100	100
Other payables	150	100	100	100	50
Total payables	259	220	190	200	150
Total liabilities	2,059	2,070	2,090	2,150	2,100
EQUITY*					
Parent entity interest					
Contributed equity	2,528	2,528	2,528	2,528	2,528
Reserves	41	41	41	41	41
Retained surpluses or accumulated deficits	1,599	1,599	1,599	1,599	1,599
Total parent entity interest	4,168	4,168	4,168	4,168	4,168
Total equity	4,168	4,168	4,168	4,168	4,168
TOTAL ASSETS AND LIABILITIES BY MATURITY					
Current assets	2,996	2,984	2,909	2,939	2,765
Non-current assets	3,231	3,254	3,349	3,379	3,503
Current liabilities	1,100	1,110	1,130	1,190	1,150
Non-current liabilities	959	960	960	960	950

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

Table 5.3: Budgeted Departmental Statement of Cash Flows for the period ended 30 June

	Estimated Actual 2004–05 \$'000	Budget Estimate 2005–06 \$'000	Forward Estimate 2006–07 \$'000	Forward Estimate 2007–08 \$'000	Forward Estimate 2008–09 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	20,805	20,870	21,378	21,857	21,980
Other	2,016	1,604	1,533	1,538	1,505
Total cash received	22,821	22,474	22,911	23,395	23,485
Cash used					
Employees	8,310	8,575	8,907	9,027	9,066
Suppliers	13,061	12,439	12,624	12,948	13,143
Total cash used	21,371	21,014	21,531	21,975	22,209
Net cash from or (used by) operating activities	1,450	1,460	1,380	1,420	1,276
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	1,400	1,460	1,420	1,420	1,420
Total cash used	1,400	1,460	1,420	1,420	1,420
Net cash from or (used by) investing activities	(1,400)	(1,460)	(1,420)	(1,420)	(1,420)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	50	-	(40)	-	(144)
Cash at the beginning of the reporting period	2,479	2,529	2,529	2,489	2,489
Cash at the end of the reporting period	2,529	2,529	2,489	2,489	2,345

Table 5.4: Departmental Capital Budget Statement for the period ended 30 June

	Estimated Actual 2004–05 \$'000	Budget Estimate 2005–06 \$'000	Forward Estimate 2006–07 \$'000	Forward Estimate 2007–08 \$'000	Forward Estimate 2008–09 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	1,400	1,460	1,420	1,420	1,420
Total	1,400	1,460	1,420	1,420	1,420

Table 5.5: Departmental Property, Plant, Equipment and Intangibles — Summary of Movement (Budget year 2005–06)

	Buildings \$'000	Other Infrastructure Plant and Equipment \$'000	Other Intangibles \$'000	Total \$'000
As at 1 July 2005				
Gross book value	-	8,856	-	8,856
Accumulated depreciation	-	5,625	-	5,625
Opening net book value	-	3,231	-	3,231
Additions:				
by purchase	-	1,460	-	1,460
Net revaluation increment/decrement	-	-	-	-
Reclassifications	-	-	-	-
Depreciation/amortisation expense	-	1,468	-	1,468
Other movements	-	31	-	31
Disposals:				
other disposals	-	-	-	-
As at 30 June 2006				
Gross book value	-	10,316	-	10,316
Accumulated depreciation	-	7,062	-	7,062
Closing net book value	-	3,254	-	3,254

5.3: NOTES TO THE FINANCIAL STATEMENTS

Under the Commonwealth's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (Departmental transactions) are separately budgeted for and reported on from transactions agencies do not have control over (Administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

- Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Appropriations in the accrual budgeting framework

Under the Commonwealth's accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's purchase of outputs from agencies
- Departmental capital appropriations: for investments by the Government for either additional equity or loans in agencies
- Administered expense appropriations: for the estimated Administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states, and
- Administered capital appropriations: for increases in Administered equity through funding non-expense Administered payments.

Asset valuation

From 1 January 2005 Commonwealth agencies and authorities are required to use fair value basis to measure Property, Plant and Equipment according to Australian Equivalent International Financial Reporting Standards (AEIFRS). Fair value essentially reflects the current market value of an asset.