

AUSTRALIAN
TRANSACTION REPORTS
AND ANALYSIS CENTRE

Section 1: Overview, appropriations and budget measures summary

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 administers the *Financial Transaction Reports Act 1988* (FTR Act) which authorises the collection, analysis and dissemination of certain financial information as a deterrence to money laundering, major crime and tax evasion.

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

APPROPRIATIONS

The total appropriations for AUSTRAC in the 2001–02 Budget is \$11.251m. Table 1.1 shows appropriations (2001–02) and other revenue by outcome.

ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

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

Australian Transaction Reports and Analysis Centre — Appropriations 2001–02

Table 1.1: Appropriations and other revenue (\$'000)

Outcome	Departmental (price of outputs)					Administered			Total appropriations	
	Revenue from government (appropriations)			Revenue from other sources	Price of outputs	Annual appropriations		Special approps		Total administered appropriations
	Bill 1	Special approps	Total			Bill 1	Bill 2 (SPPs & NAOs)			
	(A)	(B)	(C=A+B)	(D)	(E=C+D)	(F)	(G)	(H)		(I=F+G+H)
A financial environment hostile to money laundering, major crime and tax evasion	11,251	-	11,251 99.5%	55	11,306	-	-	-	-	11,251
Total	11,251	-	11,251	55	11,306	-	-	-	-	11,251
Departmental capital (equity injections and loans)									-	
Administered capital									-	
Total appropriations									11,251	

Notes:

- Columns C, D, E and I refer to information provided in Table 2.1.
- Under the appropriation structure, Bill 2 includes Specific Purpose Payments (SPP)'s, New Agency Outcomes (NAO's), administered capital and departmental capital via departmental injections and loans.
- Refer to Budgeted Departmental Statement of Financial Performance for application of agency revenue.
- Revenue from other sources includes other revenue from government (eg resources free of charge) and revenue from other sources (eg sales of goods and services). Non-appropriated departmental and administered revenues are detailed in Appendix 1. Resources received free of charge are \$0.015m.
- Percentage figure in column C indicates the percentage contribution of revenue from government (departmental appropriations) to the total price of outputs, by outcome.

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUT GROUPS

AUSTRAC has one outcome:

A financial environment hostile to money laundering, major crime and tax evasion

There are five outputs for AUSTRAC's outcome:

Output 1.1: Deterring money laundering, serious crime and tax evasion

Output 1.2: Targeting money laundering, serious crime and tax evasion

Output 1.3: Advice on the effectiveness of the FTR Act

Output 1.4: Contributions to international efforts directed at the suppression of money laundering, major crime and tax evasion

Output 1.5: Privacy and security

Financial and non-financial information is provided as follows:

Map 2.1 - details outcome and output resourcing and illustrates the relationship between the outcome and contributing outputs.

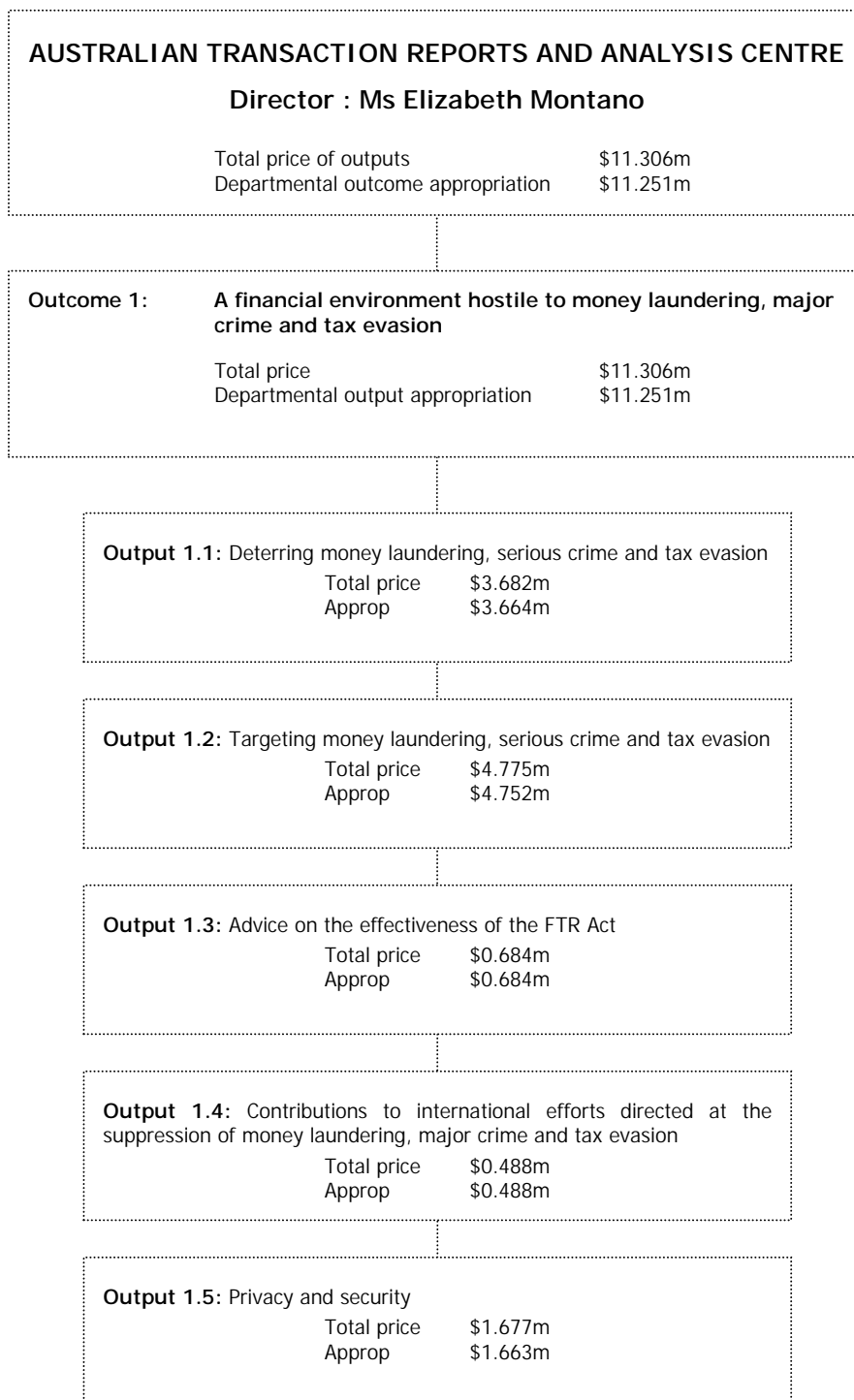
Table 2.1.1 - details financial information for outcome 1.

Table 2.2.1 - details non-financial information for outcome 1.

CHANGES TO OUTCOMES AND OUTPUTS

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

Map 2.1: Outcome and output groups



OUTCOME 1 — A FINANCIAL ENVIRONMENT HOSTILE TO MONEY LAUNDERING, MAJOR CRIME AND TAX EVASION

AUSTRAC administers the FTR Act which authorises the collection, analysis and dissemination of certain financial information as a deterrence to money laundering, major crime and tax evasion. AUSTRAC works with its law enforcement, revenue and national security agency partners to provide useful financial intelligence in relation to matters involving money laundering, major crime and tax evasion.

OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2001–02 appropriations translate to total resourcing for AUSTRAC for outcome 1: revenue from government (appropriations), revenue from other sources and the total price of the output.

Table 2.1.1: Total resources for outcome 1 (\$'000)

	Estimated Actual 2000–01 (\$'000)	Budget Estimate 2001–02 (\$'000)
DEPARTMENTAL APPROPRIATIONS		
Output 1.1: Deterring money laundering	3,647	3,664
Output 1.2: Targeting money laundering	4,731	4,752
Output 1.3 Advice on effectiveness of FTR Act	681	684
Output 1.4 Contributions to international efforts	486	488
Output 1.5 Privacy and security	1,656	1,663
Total revenue from government (appropriations) contributing to price of outcome	11,201 99.5%	11,251 99.5%
REVENUE FROM OTHER SOURCES		
Output 1.1: Deterring money laundering	20	18
Output 1.2: Targeting money laundering	25	23
Output 1.3 Advice on effectiveness of FTR Act	-	-
Output 1.4 Contributions to international efforts	-	-
Output 1.5 Privacy and security	15	14
Total revenue from other sources	60	55
Total price of departmental outputs <i>(Total revenue from government and other sources)</i>	11,261	11,306
Total estimated resourcing for outcome 1 <i>(Total administered expenses)</i>	11,261	11,306
AVERAGE STAFFING LEVEL	59	65

OUTCOME 1 — PERFORMANCE INFORMATION

Table 2.2.1 provides information on the strategies chosen to deliver outcome 1, and shows the links between the outputs and the outcome.

Table 2.2.1 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> \$3.682m
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

Table 2.2.1 Performance information for outcome 1 (continued)

<i>(Departmental outputs continued)</i>	
Output 1.2: Targeting money laundering, serious crime and tax evasion	<i>Price:</i> \$4.775m
Sub-output 1.2.1: Dissemination of FTR information	<i>Quality:</i> Level of system availability <i>Quantity:</i> Number of access logons and disseminations
Sub-output 1.2.2: Value added FTR information through analysis	<i>Quality:</i> Feedback from partner agencies <i>Quantity:</i> The number of matters value added and the number of matters taken up by partner agencies
Sub-output 1.2.3: Promotion of effective use of FTR information	<i>Quality:</i> Feedback from partner agencies <i>Quantity:</i> Increase in the number of accessions to the system and the number of support functions provided
Output 1.3: Advice on effectiveness of the FTR Act	<i>Price:</i> \$0.684m <i>Quality:</i> Significance of issues and response to issues advised upon <i>Quantity:</i> Number of issues identified and advised
Output 1.4: Contribution to international efforts directed at the suppression of money laundering, major crime and tax evasion	<i>Price:</i> \$0.488m <i>Quality:</i> Significance of issues and response to issues <i>Quantity:</i> Number and extent of issues identified
Output 1.5: Privacy and security	<i>Price:</i> \$1.677m <i>Quality:</i> Significance of risks identified; effectiveness of security safeguards; level of compliance with government guidelines; and extent to which Australian Transaction Reports and Analysis Centre adopts a security culture <i>Quantity:</i> Number of significant issues and incidents identified and addressed

EVALUATIONS

The Senate Standing Committee on Legal and Constitutional Affairs in *Checking the Cash* in 1993, recommended a further review of the FTR Act and AUSTRAC by a Parliamentary Committee. The regulation review of the FTR Act was completed in June 2001 under the auspices of the Office of Regulation Review.

AUSTRAC seeks regular feedback from its cash dealers and 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 channels.

Use of FTR information was considered in a review by the Australian National Audit Office on the Australian Taxation Office's use of FTR information. The House of Representatives Standing Committee on Economics, Finance and Public Administration Report titled *Numbers on the Run* also gave consideration to enhancing the ATO's ability to utilise FTR information by extending Tax File Number quotation arrangements.

COMPETITIVE TENDERING AND CONTRACTING

Since 1989 AUSTRAC has outsourced information technology management and operations, whilst retaining ownership of the information technology infrastructure. Competitive tendering and contracting arrangements have been and will continue to be applied.

AUSTRAC currently outsources a number of other services including data entry, personnel security vetting, training, specialist human resource management and other specialist services. The agency also forms part of a travel cluster arrangement with other APS agencies in order to reduce overall travel costs.

For 2001-02 AUSTRAC will continue to test the market in accordance with competitive tendering and contracting processes for non-core services and to structure our business units in order to maximise our capacity to take advantage of a competitive service delivery environment.

Section 3: Budgeted Financial Statements

Table 3.1: Budgeted Departmental Statement of Financial Performance
for the period ended 30 June

	Estimated Actual 2000–01 \$'000	Budget Estimate 2001–02 \$'000	Forward Estimate 2002–03 \$'000	Forward Estimate 2003–04 \$'000	Forward Estimate 2004–05 \$'000
Revenues from ordinary activities					
Revenues from government	11,201	11,251	11,197	11,634	11,663
Other	60	55	55	55	55
Total revenues from ordinary activities	11,261	11,306	11,252	11,689	11,718
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	3,900	4,050	4,136	4,250	4,364
Suppliers	5,584	5,488	5,348	5,671	5,586
Depreciation and amortisation	1,409	1,400	1,400	1,400	1,400
Other	10	10	10	10	10
Total expenses from ordinary activities (excluding borrowing costs expense)	10,903	10,948	10,894	11,331	11,360
Borrowing costs expense	-	-	-	-	-
Net surplus or (deficit) from ordinary activities	358	358	358	358	358
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or (deficit)	358	358	358	358	358
Capital use charge	(358)	(358)	(358)	(358)	(358)
Net surplus or (deficit) after capital use charge	-	-	-	-	-

**Table 3.2: Budgeted Departmental Statement of Financial Position
as at 30 June**

	Estimated Actual 2000-01 \$'000	Budget Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000
ASSETS					
Financial assets					
Cash	600	600	600	600	600
Receivables	100	100	100	100	100
Other	450	441	400	370	350
Total financial assets	1,150	1,141	1,100	1,050	1,050
Non-financial assets					
Infrastructure, plant and equipment	2,702	2,601	2,570	2,620	2,620
Total non-financial assets	2,702	2,601	2,570	2,620	2,620
Total assets	3,852	3,742	3,670	3,670	3,670
LIABILITIES					
Provisions and payables					
Employees	670	650	629	629	629
Suppliers	160	110	100	100	100
Other	40	-	-	-	-
Total provisions and payables	870	760	729	729	729
Total liabilities	870	760	729	729	729
EQUITY					
Reserves	41	41	-	-	-
Accumulated surpluses or (deficits)	2,941	2,941	2,941	2,941	2,941
Total equity	2,982	2,982	2,941	2,941	2,941
Current liabilities	510	420	410	399	409
Non-current liabilities	360	340	319	330	320
Current assets	1,150	1,141	1,100	1,050	1,050
Non-current assets	2,702	2,601	2,570	2,620	2,620

**Table 3.3: Budgeted Departmental Statement of Cash Flows
for the period ended 30 June**

	Estimated Actual 2000–01 \$'000	Budget Estimate 2001–02 \$'000	Forward Estimate 2002–03 \$'000	Forward Estimate 2003–04 \$'000	Forward Estimate 2004–05 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	11,201	11,251	11,197	11,634	11,663
Interest	30	25	25	25	25
Total cash received	11,231	11,276	11,222	11,659	11,688
Cash used					
Employees	4,100	4,200	4,200	4,200	4,200
Suppliers	5,868	5,518	5,514	5,951	5,980
Total cash used	9,968	9,718	9,714	10,151	10,180
Net cash from operating activities	1,263	1,558	1,508	1,508	1,508
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	27	-	-	-	-
Total cash received	27	-	-	-	-
Cash used					
Purchase of property, plant and equipment	1,310	1,200	1,150	1,150	1,150
Total cash used	1,310	1,200	1,150	1,150	1,150
Net cash from investing activities	(1,283)	(1,200)	(1,150)	(1,150)	(1,150)
FINANCING ACTIVITIES					
Cash Received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Capital use paid	358	358	358	358	358
Total cash used	358	358	358	358	358
Net cash from financing activities	(358)	(358)	(358)	(358)	(358)
Net increase in cash held	(378)	-	-	-	-
Cash at the beginning of the reporting period	978	600	600	600	600
Cash at the end of the reporting period	600	600	600	600	600

Table 3.4: Departmental Capital Budget Statement

	Estimated Actual 2000-01 \$'000	Budget Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Represented by:					
Purchase of non-current assets	-	-	-	-	-
Other	-	-	-	-	-
Total	-	-	-	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally by departmental resources	1,310	1,200	1,150	1,150	1,150
Total	1,310	1,200	1,150	1,150	1,150

Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget Year 2001–02)

	Land	Buildings	Total land and buildings	Other infrastructure plant and equipment	Total infrastructure plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROSS VALUE							
<i>As at 1 July 2001 (opening)</i>	-	-	-	7,959	7,959	-	7,959
Additions	-	-	-	1,200	1,200	-	1,200
Disposals	-	-	-	(349)	(349)	-	(349)
Other movements	-	-	-	-	-	-	-
<i>As at 30 June 2002 (closing)</i>	-	-	-	8,810	8,810	-	8,810
ACCUMULATED DEPRECIATION							
<i>As at 1 July 2001 (opening)</i>	-	-	-	5,257	5,257	-	5,257
Disposals	-	-	-	(448)	(448)	-	(448)
Charge for the reporting period	-	-	-	1,400	1,400	-	1,400
Other movements	-	-	-	-	-	-	-
<i>As at 30 June 2002 (closing)</i>	-	-	-	6,209	6,209	-	6,209
Net book value as at 30 June 2002 (closing book value)	-	-	-	2,601	2,601	-	2,601
Net book value as at 1 July 2001 (opening book value)	-	-	-	2,702	2,702	-	2,702
TOTAL ADDITIONS							
Self funded	-	-	-	1,200	1,200	-	1,200
Appropriations	-	-	-	-	-	-	-
Total	-	-	-	1,200	1,200	-	1,200

Section 4: Purchaser/Provider

CROSS AGENCY OVERVIEW

The Australian Securities and Investment Commission (ASIC) has a contract with AUSTRAC to provide data entry of paper based FTR information in a secure environment.

RESPONSIBILITY

ASIC takes responsibility for the collection of data entry and storage of the paper reports at their facility in Traralgon, Victoria. AUSTRAC provides hardware and software at Traralgon to facilitate this.

CONTROL ARRANGEMENTS

The control arrangements are covered under the contract. Performance is regularly monitored.

RESOURCING

The contract is valued at \$310,000 in 2000-01 and \$310,000 in 2001-02. The cost of this contract is resourced through output 1.1 – Collection of FTR information.

Appendix 1

Non-Appropriation Departmental Revenue

	Estimated Revenue 2000-01 \$'000	Estimated Revenue 2001-02 \$'000
DEPARTMENTAL REVENUE		
Interest	30	25
Resources received free of charge	15	15
Section 31 (FMA Act) receipts	15	15
Total Estimated Departmental Revenue	60	55

