



ANNUAL REPORT

2018-2019

Asia/Pacific Group
on Money Laundering



The Asia/Pacific Group on Money Laundering (APG) is an inter-governmental organisation consisting of 41 members in the Asia-Pacific region, as well as organisations, and observers from outside the region.

Under Article 1 of the APG Terms of Reference 2012, the APG is a non-political, technical body, whose members are committed to the effective implementation and enforcement of the internationally accepted standards against money laundering, financing of terrorism and proliferation financing set by the Financial Action Task Force. This document, any expression herein, and/or any map included herein, are without prejudice to the status of, or sovereignty over, any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Under the APG Terms of Reference, membership in the APG is open to jurisdictions which have a presence in the Asia-Pacific region.

For more information about the APG, please visit the website (details below).

Cover image: Over 520 delegates participated in the 2019 Annual Meeting and Annual Forum on Technical Assistance and Training in Canberra, Australia.

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APG CO-CHAIRS' FOREWORD



Deputy Commissioner Close



Mr Abu Hena Mohammad Razee Hassan

In accordance with Section 6.5 of the *APG Terms of Reference 2012* requiring the filing and signing of annual reports and financial statements by the APG Co-Chairs, we submit the following report to the membership on the operations of the Asia/Pacific Group on Money Laundering (APG) for the period 1 July 2018 to 30 June 2019.

This report highlights the achievements of the APG over the reporting period against the goals and strategies contained in the *Strategic Plan 2016–2020*. The independent audit report of Ernst & Young of Canberra, Australia dated 10 September 2019 is attached to this report.

Over the last year, the APG conducted over 45 missions, visits, training programmes and other activities as outlined in this report including mutual evaluations, technical assistance programmes, typologies projects and many more. At the 2019 annual meeting, six mutual evaluation reports were adopted (China; Hong Kong, China; Pakistan; Philippines; Solomon Islands; and Chinese Taipei) and a number of follow-up and transitional reports relating to second and third round mutual evaluations were discussed and adopted.

We conducted three assessor training workshops (one joint with FATF and one joint with EAG) and one regional pre-ME workshop. We also conducted a very successful joint typologies workshop with the Eurasian Group (EAG) in Novosibirsk, Russian Federation in December 2018. These activities and many others are outlined in this report.

One notable achievement at the 2019 annual meeting was the unanimous agreement among all members to extend the APG mandate beyond 2020 to December 2028 with an agreement to monitor the effect of the FATF's recent decision to move from a time-limited standard eight-year mandate term to unlimited mandate. Should the membership feel it necessary to re-visit our

renewed mandate for this purpose, the membership may decide to do so in consultation with the Governance Committee.

In the coming year we will have a busy schedule of activities including a number of mutual evaluations and technical assistance projects. The FATF has scheduled a strategic review of its activities in 2019-20 and the APG will participate in that review. The extent to which that exercise will impact APG activities is yet to be determined but we expect that APG programmes will continue to grow as they have over the previous 10 years.

On behalf of all members we would like to extend our thanks to all APG members and observers who made 2018-2019 a successful year for the APG. We are certain that 2019-2020 will be another successful year.

[signed]

Deputy Commissioner Leanne Close
APG Co-Chair
 Australia

[signed]

Mr Abu Hena Mohammad Razee Hassan
APG Co-Chair
 Bangladesh

APG ORGANISATIONAL STRUCTURE 2018–2019

The APG has 41 member jurisdictions as follows:

- | | | |
|--------------------------------|--------------------------------------|------------------------------|
| 1. Afghanistan | 15. Korea, Republic of | 28. Palau |
| 2. Australia | 16. Lao People's Democratic Republic | 29. Papua New Guinea |
| 3. Bangladesh | 17. Macao, China | 30. Philippines |
| 4. Bhutan, Kingdom of | 18. Malaysia | 31. Samoa |
| 5. Brunei Darussalam | 19. Maldives | 32. Singapore |
| 6. Cambodia | 20. Marshall Islands, Republic of | 33. Solomon Islands |
| 7. Canada | 21. Mongolia | 34. Sri Lanka |
| 8. China, People's Republic of | 22. Myanmar | 35. Chinese Taipei |
| 9. Cook Islands | 23. Nauru | 36. Thailand |
| 10. Fiji | 24. Nepal | 37. Timor-Leste |
| 11. Hong Kong, China | 25. New Zealand | 38. Tonga |
| 12. India | 26. Niue | 39. United States of America |
| 13. Indonesia | 27. Pakistan | 40. Vanuatu |
| 14. Japan | | 41. Vietnam |

The APG has eight observer jurisdictions and 32 observer organisations (including FATF-style regional bodies, or FSRBs). APG observers to 30 June 2018 were as follows:

APG Observers			
Jurisdictions	Organisations		FSRBs
1. France	1. ADB/OECD Anti-Corruption Initiative	13. Interpol	1. CFATF
2. Germany	2. Alliance for Financial Inclusion	14. Islamic Development Bank	2. EAG
3. Democratic People's Republic of Korea	3. APEC secretariat	15. Oceania Customs Organisation	3. ESAAMLG
4. Kiribati	4. ARIN-AP	16. Pacific Islands Chiefs of Police	4. FATF
5. Federated States of Micronesia	5. ASEAN Secretariat	17. Pacific Islands Forum Secretariat	5. GABAC
6. Russian Federation	6. Asian Development Bank	18. Pacific Islands Legal Officers' Network	6. GAFILAT
7. Tuvalu	7. Commonwealth Secretariat	19. Pacific Financial Technical Assistance Centre	7. GIABA
8. United Kingdom	8. Egmont Group of FIUs	20. United Nations	8. MENAFATF
	9. European Commission	21. UN Office on Drugs and Crime	9. MONEYVAL
	10. Financial Services Volunteer Corps	22. World Bank	
	11. Group of International Finance Centre Supervisors	23. World Customs Organisation	
	12. IMF		

APG Co-Chairs

The APG has two Co-Chairs: one Co-Chair position is a permanent position and the other is rotated among APG members every two years. The Co-Chairs are responsible for chairing APG meetings and providing strategic advice and direction to the membership. Australia, as host of the APG secretariat, holds the permanent Co-Chair position. The rotating Co-Chair position was held by Bangladesh during the reporting period, with a term from July 2018 to July 2020. Both Australia and Bangladesh were founding members of the APG in 1997.

Co-Chair, Australia: The Australian Co-Chair position is held by Australian Federal Police (AFP) Deputy Commissioner Leanne Close. Deputy Commissioner Close joined the AFP in 1986 and currently holds the position of Deputy Commissioner National Security. Her current role encompasses responsibility for Counter-Terrorism, Protection Operations and Aviation Operations.

Co-Chair, Bangladesh: The rotating Co-Chair position for 2018-2020 is held by Mr Abu Hena Mohammad Razee Hassan, Head of Bangladesh Financial Intelligence Unit (BFIU). Mr Hassan has been the Head of BFIU since 2012, and is the Member Secretary of the National Coordination Committee (NCC) on anti-money laundering and combatting the financing of terrorism (AML/CFT). He is also a member of the Working Committee on AML/CFT and the Anti-Militancy and De-Radicalization Committee, and is the convener of the Central Task Force for Prevention of Money Laundering and Terrorist Financing.

Previous Rotating Co-Chairs

Since the APG's establishment in 1997 there have been 11 rotating Co-Chairs as follows:

APG member	Agency/Department	Period
1. Philippines:	Department of Foreign Affairs	1998–2000
2. Malaysia:	Central Bank of Malaysia	2000–2002
3. Korea:	Korea Financial Intelligence Unit	2002–2004
4. Japan:	Japan Financial Intelligence Office	2004–2006
5. Indonesia:	Indonesian Financial Transaction Reports & Analysis Centre	2006–2008
6. Singapore:	Commercial Affairs Department	2008–2010
7. India:	Directorate of Enforcement	2010–2012
8. China:	People's Bank of China Anti-Money Laundering Bureau	2012–2014
9. New Zealand:	Ministry of Justice	2014–2016
10. Sri Lanka:	Financial Intelligence Unit	2016–2018
11. Bangladesh:	Bangladesh Financial Intelligence Unit	2018-2020

22nd Annual Meeting and 18th Annual Forum on Technical Assistance

The 22nd APG Annual Meeting and 18th Annual Forum on Technical Assistance (TA) were held in Canberra, Australia from 18 to 23 August 2019. Over 520 delegates attended the meeting.

A number of APG delegates were assisted in attending the annual meeting by sponsorship funding provided by China and Chinese Taipei.

Major Annual Meeting Outcomes - 2019

Membership issues

There were no confidential membership issues in the 2019 annual meeting. During the financial year one observer application was considered - the European Commission. In accordance with the APG Terms of Reference, the Governance Committee has the authority to decide on observer applications. The Governance Committee admitted the European Commission as an observer in March 2019.

Governance

Mandate: The APG membership considered a number of important strategic issues relating to governance at the 2019 annual meeting. The current term of the APG (referred to as the 'mandate') expires in December 2020. APG members agreed to extend the APG mandate from December 2020 to December 2028.

Resource requirement to meet business demands: The APG membership considered resources required by the secretariat to support the delivery of the mutual evaluation programme and fifth year follow-up assessments, as well as other core business activities (technical assistance, implementation work including supporting APG members in the FATF, and typologies work). The membership agreed to increase the secretariat's staffing levels by three positions commencing in 2020, in order to ensure effective management of the APG workload.

Information and Communications Strategy: APG members adopted the *APG's Information and Communications Strategy 2019*. This revises the 2015 strategy to address emerging issues surrounding confidentiality of discussions at plenary meetings, and to update information and references. This document is available on the APG website.

Financial Performance 2018-2019

The audited APG financial statements for the year 2018-2019 are attached as **Annex B**. The APG ended the FY2018-19 in a strong position. Performance during the year is summarised from those statements as follows:

- Income: \$3,854,755¹
- Expenses: 4,526,485
- Deficit: -16,609
- Net equity: \$569,748

Notes to the financial statement explain in detail each of the line items. The deficit for the year (funded from reserves) was significantly smaller than projected in last year's budget resulting in a larger surplus. The reasons related primarily to delays in recruiting against funded salary lines and some supplier costs (also detailed in Annex B).

¹ From all sources, core and voluntary. Notes 1 and 4 to Annex B explain.

Budget 2019-2010

A Business Plan for 2019–20 was adopted at the 2019 annual meeting with a supporting budget. Revenue is calculated from both core and non-core sources for 2019-2020:

- Core budget: \$3,225,068
- Non-core budget: 1,977,408
- Total revenue: \$5,202,476

The core revenue represents an increase of 10.8% on last year's core budget due primarily to an increase in Secretariat staff numbers (x2) agreed in the previous financial year to take effect in 2019-20. Members agreed on approximate expenditure in the amount of \$5,471,995 in expenditure from non-core sources of funding (voluntary support) and reserves in FY2019–20.

With this agreed budget, activities for 2019–20 are fully funded. Year-to-come initiatives are outlined in Part Five.

Mutual evaluation programme

Members adopted six mutual evaluation (ME) reports, namely: China (led by the IMF, with participation of FATF, APG and EAG); Chinese Taipei; Hong Kong, China (jointly with FATF); Pakistan; Philippines; and Solomon Islands.

Members also adopted: (i) the third round ME follow-up reports of Bangladesh; Bhutan; Cambodia; Fiji; Macao, China; Mongolia; Myanmar; Palau; Samoa; Sri Lanka; Thailand; and Vanuatu; and (ii) the revised *APG 3rd Round Mutual Evaluation Procedures 2019*.

Mutual evaluations have commenced for Japan (jointly with the FATF), Korea (jointly with the FATF), Tonga and Vietnam. The FATF recently indicated that it will temporarily pause five-year follow-up assessments pending its strategic review in 2019-20. This will postpone the joint FATF/APG follow-up assessment of Australia (scheduled in the third quarter of 2019) and perhaps Malaysia (Scheduled in the first quarter of 2020). Decisions regarding the timing of these assessments will be made by the FATF membership in the coming year.

Typologies

The Operations Committee met during the 2019 annual meeting week to consider and make recommendations to the APG membership on a number of typologies projects and events including:

- the *2019 APG Yearly Typologies Report*;
- the APG/EAG report on the joint project on TF using proceeds of crime including organised crime;
- ongoing typologies projects, including the Risks and Vulnerabilities of Trans-Pacific Drug Routes and second phase project on human trafficking and people smuggling;
- a new joint project with the Alliance for Financial Stability with Information Technology to develop a workshop to be held in early 2020 on the application of FATF Guidance on Digital KYC to the Asia-Pacific region following its adoption and publication by the FATF in February 2020.

APG members adopted the following reports which are available on the APG website:

- *APG 2019 Annual Typologies Report*;
- *APG/EAG report on Terrorism Financing & Proceeds of Crime (including Organised Crime)*

The Annual Typologies Report contains a synopsis of the typologies projects undertaken in 2018–19, recent trends on money laundering and terrorist financing and a number of case studies.

Implementation and technical assistance issues

Technical seminars were held at the 2019 APG annual meeting on virtual currencies and international cooperation between supervisors. Presentations were delivered by member jurisdictions and regional organisations with expertise and experience in these topics. Delegates discussed regional issues and examples of good practice as well as technical assistance and training needs.

Australia hosted a networking event during the 2019 APG annual meeting entitled 'Women against Money Laundering' to foster engagement and awareness, which built on a similar event in May 2019.

The Operations Committee met during the 2019 annual meeting to discuss ongoing work in the implementation of AML/CFT measures, including:

- promoting joint action on de-risking the global AML/CFT network; supporting members to develop national de-risking plans; and supporting good practices & models for AML/CFT supervision of MVTs sectors;
- contributing to regional consultations led by the IMF as well as ADB initiatives. The APG has identified opportunities to increase information-sharing on risk and AML/CFT compliance and enhancing targeted AML/CFT supervision strategies;
- contributing to global efforts to improve TF risk assessments, develop national strategies and agency-level plans and priorities for CFT, and supporting enhanced international cooperation on CFT; and
- regional workshops on targeted financial sanctions and implementation challenges in combatting PF.

APG members:

- adopted the *APG 2018-19 CFT Operational Plan* which outlines future work streams to provide a greater focus to the implementation of the international standards relating to CFT;
- noted the *Implementation Guide and model legal provisions for combating Proliferation Financing* published in July 2017 by the APG and the Royal United Services Institute (RUSI). The model law continues to be a resource for APG members establishing a PF legal framework and planning implementation activities; and
- endorsed Operations Committee projects on TF, de-risking and combatting PF.

The 2019 annual meeting included a plenary session focussing on various implementation issues and the work of the secretariat in supporting the FATF and APG members in relation to ICRG processes. A report to the APG plenary was also provided on the outcomes of the 18th Technical Assistance and Training Forum and the APG secretariat's activities in relation to TA for the benefit of APG members in 2018-19.

18th Annual Forum on Technical Assistance

The 18th annual forum on TA was held concurrently with the annual meeting. The forum included over 30 meetings held in parallel with the annual meeting as follows:

- individual meetings between the APG's Donors and Providers (DAP) Group and 26 member jurisdictions on TA needs and current and planned delivery of assistance;
- a half-day meeting of the DAP Group in relation to planning, coordination and delivery of TA; and
- three sub-regional meetings for South Asia, South East Asia and Pacific Islands jurisdictions, jointly chaired by the APG secretariat and regional representatives.

Over the five days, the forum provided members and observers with the opportunity to discuss challenges, needs and opportunities in ensuring AML/CFT efforts in the Asia Pacific region are supported by effective and coordinated capacity building and TA.

After the forum, the APG secretariat circulated a matrix of jurisdiction and sub-region specific outcomes and summaries of discussions to ensure DAPs and the APG secretariat can build on these discussions into the next financial year.

2018 APG Typologies Workshop in collaboration with EAG

The Eurasian Group (EAG) co-hosted the 2018 APG typologies workshop in Novosibirsk, Russian Federation from 3 to 5 December 2018. The workshop was attended by over 200 law enforcement, prosecutor, financial intelligence unit and regulatory practitioners from APG and EAG delegations as well as participants from non-government entities and the private sector. All sessions over the three days were open for attendance by the private sector, non-government organisations and civil society and this greatly enhanced the discussions.

Delegates heard presentations on the FATF's virtual asset work programme, human trafficking, illegal mining and trade-based money laundering and counter terrorist financing disruption and risk assessments. Three concurrent break-out sessions were also held focussing on the following areas:

- Terrorist financing using proceeds of crime including organised crime;
- Risks and investigative techniques associated with virtual assets; and
- Human trafficking and people smuggling.

APG STRATEGIC PRIORITIES

The APG's strategic priorities are outlined in the *APG Strategic Plan 2016–2020* as three goals, each containing a subset of "strategies" or performance outcomes against which the goals are designed to be measured, and which are outlined in greater detail in annual business plans. These performance outcomes are set against a framework of APG values which, as an organisation, the APG endeavours to incorporate into its operational activities and assert in its dealings with other international organisations, including the global AML/CFT network.

Below is a summary of the performance highlights of the APG for the 2018-2019 financial year under each strategic goal.

STRATEGIC GOAL #1 **EFFECTIVE MULTILATERAL ORGANISATION**

INCLUDE ALL RELEVANT REGIONAL AND INTERNATIONAL STAKEHOLDERS IN THE WORK OF THE APG

Required activities in 2018–2019:

1. Encourage bilateral and multilateral engagement between members, observers and other jurisdictions and organisations to advance strategic objectives.
2. Continue engagement with FATF, FSRBs, FATF TREIN, ADB, IMF, World Bank, PIFS, UN agencies, UNODC, the Egmont Group and other relevant bodies on conferences, seminars, workshops, technical assistance activities and strategically important regional initiatives.
3. Continue engagement with existing observer jurisdictions.
4. Identify relevant international organisations for possible observer status.

Achievements:

1. APG strategic objectives were advanced by members, observers and the APG secretariat participating, organising and/or attending the following key events: (1) IOSCO workshop in Malaysia, August 2018; (2) Egmont plenary in Sydney, September 2018; (3) the Pacific Islands Law Officers' Network Annual Meeting in Cook Islands, October 2018; (4) the Alliance for Financial Inclusion event on balancing AML/CFT and financial inclusion in Malaysia, November 2018; (5) the IMF roundtable on de-risking in Auckland, New Zealand May 2019; (6) UN workshop to develop PF regional training initiatives, in February 2019; (7) FATF/MONEYVAL Joint Experts' meeting, Israel, March 2019; (8) UNODC workshop on terrorist financing and related issues in Jakarta, Indonesia in April 2019; (9) MONEYVAL PF Conference in Riga, Latvia in May 2019; and other key events in the region.
2. The APG worked with the DAP Group including major institutional observers to coordinate technical assistance and implementation activities including a face-to-face meeting in August 2019 and three teleconferences in December 2018 (focussed on the Pacific); and January 2019 and June 2019 (ICRG-focussed).
3. The APG/EAG Typologies Workshop was held in Novosibirsk, Russian Federation in December 2018 further strengthening the APG's relationship with EAG.
4. The APG provided on-going support for FATF TREIN's pilot training programmes including attending the Pilot CFT Training course in Busan, Korea, 13 to 17 May 2019.
5. The APG admitted the European Commission as an observer in March 2019.

ENSURE EFFECTIVE GOVERNANCE STRUCTURES, INCLUDING PLENARY OF MEMBERS AND OBSERVERS, GOVERNANCE COMMITTEE, CO-CHAIRS, COMMITTEES AND SECRETARIAT

Required activities in 2018–2019:

1. Deliver 22nd annual meeting in August 2019.
2. Implement revised governance and other strategic workload management mechanism(s) to address the growing workload, in accordance with decisions made at the 21st annual meeting in Kathmandu in July 2018.
3. The Governance Committee will consult with members and meet at least five times in the year to provide ongoing advice to the membership and Co-Chairs on governance, policy and planning issues and will implement, where needed, the membership decisions and directions made at the 2018 annual meeting.
4. APG committees and project groups will deliver projects and programmes as agreed by the membership and consider others as suggested by the membership or by the secretariat during the year.

Achievements:

1. The 2019 annual meeting was hosted by the government of Australia in August 2019. Sponsorship for priority delegates was arranged by the APG with funds from China and Chinese Taipei.
2. The three Terms of Reference for the Governance Committee (GC), Mutual Evaluations Committee (MEC) and Operations Committee adopted at the 2018 annual meeting were implemented to help streamline the work of the APG. Nine follow-up reports were adopted out-of-session by the GC in early July 2019.
3. The recruitment process for new secretariat staff positions approved at 2018 annual meeting was completed in April 2019.
4. At the 2019 annual meeting, APG members considered resources required by the secretariat to effectively deliver APG core programmes and approved three new secretariat staff positions commencing in 2020.
5. The APG Information and Communications Strategy 2019 was adopted at the 2019 annual meeting to address emerging issues surrounding the confidentiality of discussions at plenary meetings and to update information and references.
6. The GC met five times by teleconference during the year. Sub-regional GC representatives participated in all meetings and consulted their delegates on all matters considered in the GC. Issues included a range of broad governance and specific membership-related matters as well as policy initiatives identified at the 2018 annual meeting.
7. The secretariat provided administrative and advisory support and briefing documents to the Co-Chairs and GC as per section 6.3 and Annex A of the *APG Terms of Reference 2012*.
8. The MEC met by teleconference four times during the year and held two face-to-face meetings in the margins of the APG annual meeting. The MEC contributed to FATF policy development work; considered changes to the APG ME procedures; discussed third round reports; endorsed the suspension of transitional reporting for 2019 and endorsed third round follow-up reports.

RESOURCE THE APG AND ITS OPERATIONS AND ENSURE PROPER MANAGEMENT OF APG FUNDS AND ACTIVITIES

Required activities in 2018–2019:

1. Members and observers will support operations through voluntary contributions, project support, active working group participation, expert advice or other resources in addition to budget contributions.
2. The secretariat will manage and report on APG revenue and expenditure in accordance with the agreed 2018–19 budget and legal obligations of the host government, Australia.
3. The secretariat will engage auditors to review of APG end-of-year financial statements and file an independent audit report to be attached to the APG's Annual Report 2018–19.

4. The secretariat will implement decisions made by members at the 2018 annual meeting on additional resources required to manage work relating to 5th year follow-up evaluations and other workload challenges.

Achievements

1. APG members Australia, Canada, China, Chinese Taipei, New Zealand and the United States provided project support and voluntary contributions to APG programmes including funds for specific activities such as visits to members, sponsored travel and workshop costs, as well as costs related to staff establishment. Many APG members provided support to TA programmes and events.
2. The secretariat managed APG funds in accordance with the laws and governance frameworks of Australia and its host, the Australian Federal Police, as well as internal secretariat policies and regulating agreements with donors, within agreed timeframes. As outlined in Part Four of this report, significant savings were realised in FY2018–19, primarily in employee and travel expenses.
3. An independent financial audit of APG funds was conducted and the audit report is attached at **Annex B**.
4. A briefing paper on the additional resources required to manage the growing APG workload, including for 5th ME year follow-up, was considered by the membership at the 2019 annual meeting.
5. The secretariat completed a round of recruitment to fill a number of vacant band 7 positions successfully with offers made to candidates and on-boarding processes underway.

ACTIVELY PARTICIPATE IN INTERNATIONAL AML/CFT POLICY DEVELOPMENT AND, STANDARD SETTING PROCESSES THROUGH COOPERATION WITH THE FATF AND INTERNATIONAL PARTNER ORGANISATIONS

Required activities in 2018–2019:

1. Participate in FATF plenaries, working groups and inter sessional meetings.
2. Participate in one other FSRB meeting in 2018–19.
3. Coordinate input to FATF and other bodies' projects, policy development, assessment work and studies of risks, trends and methods.

Achievements:

1. The APG effectively contributed as a FATF associate member in FY2018–19 by participating in all regular FATF plenary meetings and working groups, including the Global Network Coordination Group, ICRG, Evaluations and Compliance Group and in the ICRG Asia-Pacific Joint Group meetings.
2. The APG participated in the international conference on How to Improve Effectiveness in IO.11 hosted by the Latvia FIU, MONEYVAL in May 2019.
3. The APG participated in the FATF/MONEYVAL joint experts' meeting in Tel Aviv, Israel in March 2019 and presented on strategies adopted by jurisdictions with low risks for terrorism financing.
4. The APG's consolidated position and/or individual members' views for policy issues were provided to FATF in the following areas:
 - Mutual evaluations, including universal procedures, follow-up rules and common principles on transitional procedures;
 - ICRG procedures;
 - FATF initiatives on terrorist financing, including APG inputs to the FATF operational plan and guidance on terrorist financing risk assessments;
 - The listing of APG members by the European Commission as high risk jurisdictions for AML/CFT.
5. The views of the DAP group were provided to FATF in relation to TA activities and planned projects.

STRATEGIC GOAL #2

COOPERATION IN UNDERSTANDING RISK ENVIRONMENT AND IMPLEMENTING STANDARDS

SUPPORT RESEARCH ON AML/CFT RISKS AND CONTEXTUAL ISSUES

Required activities in 2018–2019:

1. In collaboration with the Eurasian Group (EAG), deliver 2018 typologies and capacity building workshop in December 2018 in Novosibirsk, Russian Federation.
2. Complete the joint APG/MENAFATF typologies project on social media and terrorism financing.
3. Commence project work on tracking illicit flows relating to human trafficking and/or smuggling in accordance with UNSCR 2331 of 20 December 2016.
4. Commence project work on a joint project with EAG on terrorist financing using proceeds of crime including organised crime.
5. Participate in FATF and other FSRB typologies projects relevant to APG business.
6. Implement Terms of Reference for the Operations Committee.

Achievements:

1. The 2018 APG typologies and capacity building workshop was held in collaboration with EAG in Novosibirsk, Russian Federation, December 2018. The workshop involved approximately 250 delegates from 41 APG/EAG jurisdictions, eight international organisations and 21 representatives from the private sector, non-government organisations and civil society. In addition to the plenary sessions, there were three parallel breakout sessions on: terrorist financing using proceeds of crime including organised crime (linked to the joint EAG/APG project); risks and investigative techniques associated with virtual assets; and human trafficking and people smuggling (linked to the Phase 2 APG project). The APG thanks the Russian Federation and EAG Secretariat for hosting the event. Sponsorship funding for priority delegates to attend and contribute to this event was provided by APG members Canada, China and Chinese Taipei.
2. The APG and MENAFATF, with Malaysia and Egypt as co-chairs, conducted a joint project on terrorist financing and social media. The report was adopted at the 2018 APG annual meeting and the MENAFATF plenary in November 2018, and was published on the APG's website in January 2019.
3. The concept note for the APG Human Trafficking and People Smuggling Project (Phase 2) was adopted in July 2018 at the APG annual meeting. The project is being co-led by Australia and Indonesia. A breakout session was held in December 2018 at the APG/EAG typologies workshop, and a human trafficking regional forum was successfully held in Bandung, Indonesia from 8 to 10 April 2019. A final workshop is currently under consideration.
4. The EAG and APG commenced a joint project to focus on the techniques and trends associated with the use of proceeds of crime (including organised crime) and from the financing of terrorism (whether individual terrorists or terrorist organisations). The project was led by Bangladesh, India and the Russian Federation. A questionnaire was circulated in November 2018 by the APG/EAG secretariats and the project was considered the typologies workshop in Russia, December 2018. The paper was adopted at the 2019 APG annual meeting and will be further considered at the EAG meeting in November 2019.
5. The APG is completing a project on trans-Pacific drug trafficking routes and illicit financial flows. Tonga and Vanuatu commenced the project as co-leads, with Tonga maintaining oversight. Funding for the project was provided by the US State Department.
6. The secretariat took part in the FATF/MONEYVAL joint experts' meeting in Tel Aviv, Israel in March 2019.
7. The Operations Committee met during the 2019 annual meeting. New Zealand and Samoa were selected as the Co-Chairs of the committee for the coming year.

IDENTIFY DOMESTIC AND REGIONAL ISSUES THAT AFFECT IMPLEMENTATION OF THE FATF STANDARDS, INCLUDING MEMBERS' ASSISTANCE NEEDS AND OPPORTUNITIES FOR ENHANCED INTERNATIONAL COOPERATION

Required activities in 2018–2019:

1. Engage with members and TA providers to identify domestic and regional assistance needs, and implementation issues, arising from members' experience of international cooperation, risk assessments, typologies work, mutual evaluations (including follow-up) and FATF processes (e.g. terrorist financing fact finding initiative).
2. Continue to identify other domestic and regional TA and implementation issues.

Achievements:

1. The APG continued its core TA work to identify domestic and regional implementation issues through the APG's TA coordination processes, and encouraged TA in response to identified needs.
2. The APG has conducted scoping visits and drafted implementation plans under the New Zealand New Zealand Ministry of Foreign Affairs and Trade (MFAT) funded Pacific TA for all eleven Pacific jurisdictions. These activities have been conducted in collaboration with members and relevant DAPs to identify domestic TA needs and potential TA providers to address these needs.
3. In response to discussions related to the threat of corruption, and the low levels of financial and money laundering investigations, the APG is working with relevant DAPs to support jurisdictions with training and mentoring for law enforcement agencies.
4. The APG has identified emerging challenges with the use of virtual currencies and related changes to the methodology and the increased need for international cooperation between supervisors. These two topics were the subject of technical seminars at the 2019 APG plenary and consideration will be given to on-going work in these areas.

PROVIDE GUIDANCE, ADVICE, AND TECHNICAL ASSISTANCE ON IMPLEMENTATION OF THE FATF STANDARDS, IN COLLABORATION WITH GLOBAL PARTNERS

Required activities in 2018–2019:

1. Support work by FATF and other global partners to share experience and implementation support resources on topics including risk assessments, international cooperation, investigating and prosecuting ML, terrorist financing, proliferation financing (PF) and risk-based supervision of financial and non-financial sectors. Deliver strategic implementation planning support pre- and post-mutual evaluations.
2. Support members to build AML/CFT capacity and mechanisms consistent with the FATF standards, including through technical assistance visits, workshops and desk-based assistance.

Achievements:

1. The APG attended a UNODC workshop hosted by the United Nations at its headquarters aimed at developing UNODC training on combating proliferation financing. The APG shared insights into training requirements and needs of the region. The APG will continue to feed into the training programme as it is developed and rolled out to APG members.
2. The APG participated in an initial sub-regional workshop on combating terrorist financing hosted by the Bank Negara Malaysia in Kuala Lumpur in April 2019. Several APG members met to discuss regional opportunities to enhance international cooperation on operational aspects of CFT. This included international cooperation on assessing TF risk, supervising CFT preventive measures as well as formal and informal aspects of terrorist financing investigations and prosecutions.
3. The APG attended a UNODC workshop held in Jakarta, Indonesia focused on terrorist financing.
4. APG partnered with the IOSCO to hold a workshop on combating money laundering and terrorist financing risks in the securities sector in Kuala Lumpur in August 2018.

SUPPORT THE COORDINATION OF TECHNICAL ASSISTANCE BETWEEN MEMBERS AND RELEVANT PROVIDERS OF ASSISTANCE

Required activities in 2018–2019:

1. Deliver the annual technical assistance and training forum in July 2019.
2. Collect information and analyse gaps in members' AML/CFT systems.
3. Coordinate and support assistance provided by the DAP Group.
4. Conduct teleconferences to coordinate technical assistance in sub-regional groups.
5. Deliver technical assistance and training programmes funded under voluntary grants pursuant to specific implementation plans.
6. Deliver Pacific technical assistance and training in accordance with the five-year New Zealand funding programme by completing scoping visits and coordinating activities identified in implementation plans.

Achievements:

1. The secretariat conducted the annual technical assistance and training forum in August 2019 which facilitated discussions between members and donors/providers.
2. The secretariat held three teleconferences with the DAP Group in December 2018, January 2019 and June 2019 to continue discussions and follow-up on outcomes from the 2018 forum.
3. Over the year, the secretariat remained in constant contact with DAPs to assist as necessary, including assisting with introductions and coordination, providing background information on TA activities and needs, advising on FATF Standards.
4. A *Technical Assistance & Implementation Activities 2019* report was considered and adopted by the membership during the 2019 annual meeting which outlines all of the year's TA as well as related activities. A report back was given to the plenary at the 2019 APG annual meeting providing information to members on the TA activities and plans.
5. Prior to the 2019 forum, the secretariat distributed information on members' needs and their ongoing TA activities. The secretariat analysed information received from members in addition to mutual evaluation reports, ICRG action plans, progress and follow-up reports in order to provide DAPs with a clear understanding of members' contexts, needs and implementation gaps.
6. Upon completion of the forum, the secretariat followed up discussions with a report on commitments and outcomes for the DAPs with respect to each of the 26 members who receive TA.
7. The secretariat supported a training workshop on balancing AML/CFT and financial inclusion, which was hosted by Bank Negara Malaysia and the Alliance for Financial Inclusion in Kuala Lumpur, Malaysia in November 2018.
8. The secretariat, with funding from the United States, facilitated:
 - a) final exchange of financial intelligence officials between Indonesia and Timor-Leste in September 2018;
 - b) a training course on ML and criminal asset confiscation investigation for Palau law enforcement agencies (LEAs). The course was jointly delivered by experts from Australia and New Zealand in December 2018.
9. The secretariat, with funding from New Zealand (Global Security Fund), facilitated:
 - a) ongoing bilateral exchange between Bangladesh and Nepal competent authorities on uses of financial intelligence for anti-corruption investigations in February 2019.
 - b) a financial investigation and asset confiscation training program for Lao PDR competent authorities, which was jointly delivered by experts drawn from Australia, Thailand and the United Nations Office on Drugs and Crime in March 2019, and a follow-up visit by a mentor from Thailand in June 2019.
10. Activities under the New Zealand funded Pacific AML/CFT Capacity Development Programme (PACD) are outlined in the *PACD Programme 2018-2019 Annual Report*. As part of the programme the secretariat represented the APG membership as follows:

- a) Pacific Islands Law Officers' Network (PILON) annual meeting in October 2018; Oceania Customs Organisation regional workshop on financial crime and trade enforcement by in December 2018; national workshop on understanding, targeting and disrupting criminal business entities organised by OCO for Fiji LEAs in March 2019; Women against Money Laundering conference hosted by Australia from 28-30 May 2019; the 9th Experts Group on Financial Inclusion organised by AFI in June 2019.
 - b) Pacific TA Cell hosted a teleconference with AFI, FSVC, and IMF to develop a national de-risking toolkit for Pacific members; supported the Pacific Islands Forum Secretariat (PIFS) to develop model TFS provisions for Pacific jurisdictions under the 2016 Draft Model Provisions on Counter Terrorism and Transnational Organised Crime (CTTOC); a joint PIFS-APG workshop on implementation of TFS with experts from Australia, New Zealand and the United Nations in June 2019.
11. Under the PACD programme the APG also:
- a) provided analysis/options for effective ICT solutions to improve FIU data collection and analysis for five Pacific jurisdictions;
 - b) organised a FATF Standards Training Course in Auckland, New Zealand in March 2019 for Pacific members;
 - c) assisted Fiji with legislation and policy drafting;
 - d) assisted Tonga on supervisory arrangements of financial institutions.

STRATEGIC GOAL #3

CONDUCT AND RESPOND TO ASSESSMENTS

CONDUCT THE APG'S THIRD ROUND MUTUAL EVALUATION PROGRAMME

Required activities in 2018–2019:

1. Complete ME reports for 2019 annual meeting as follows: China (led by the IMF, with APG, FATF and EAG); Hong Kong, China (jointly with FATF); Pakistan; Philippines; Solomon Islands; and Chinese Taipei including pre-mutual evaluation visits, on-site and face-to-face visits.
2. Commence four (4) MEs to be adopted at the 2020 annual meeting as follows: Japan (jointly with FATF), Republic of Korea (jointly with FATF), Vietnam and Tonga.
3. Update the APG third round mutual evaluations schedule for approval at 2019 annual meeting.

Achievements:

1. Following post-plenary quality and consistency review, the ME reports for the Cook Islands, Indonesia, Myanmar and Palau were published on the APG and FATF websites.
2. Mutual evaluation reports were adopted at the 2019 annual meeting for China (led by the IMF, with APG, FATF and EAG); Hong Kong, China (jointly with FATF); Pakistan; Philippines; Solomon Islands; and Chinese Taipei.
3. Pre-mutual evaluation visits and on-site evaluation visits occurred in the second half of 2018 for Chinese Taipei, Korea, Pakistan, Philippines and the Solomon Islands.
4. Face-to-face visits were held in the first half of 2019 for Chinese Taipei, Hong Kong, China, Pakistan, Philippines and Solomon Islands.
5. The secretariat commenced four (4) mutual evaluations to be adopted in 2020:
 - Japan (jointly with FATF),
 - Korea (jointly with FATF),
 - Vietnam and
 - Tonga.
6. A pre-mutual evaluation visit was conducted for Korea in the first half of 2019. Pre-ME visits for Vietnam and Tonga will be held in the second half of 2019.
7. A revised APG third round mutual evaluation schedule was approved at the 2019 annual meeting. Under the revised schedule, the third round will be completed in 2023.

RESPOND TO MUTUAL EVALUATIONS WITH FOLLOW-UP PROCESSES

Required activities in 2018–2019:

1. Implement transitional mutual evaluation follow-up procedures to monitor members' progress.
2. Implement and amend third round follow-up procedures to monitor members' progress and examine policy and procedures relating to the 5th year follow-up evaluations.
3. Document cases of insufficient progress for MEC, governance committee and co-chairs.
4. Membership to make decisions in cases of insufficient progress by specific members.

Achievements:

1. APG's third round ME follow-up procedures are being further implemented, including a process for out-of-session adoption.
2. Nine follow-up reports were adopted out-of-session and seven reports were adopted during the 2019 annual meeting. All follow-up reports have been subject to global quality and consistency review in accordance with the universal procedures.
3. Transitional mutual evaluation follow-up reports were suspended for 2018-2019 due to resource constraints. At the 2019 annual meeting, members agreed to cease the transitional follow-up process for the five members, but ongoing reporting on progress is still required in a less formal manner.
4. Amendments to the APG *Third Round Mutual Evaluation Procedures 2019* were adopted in August 2019 pursuant to the FATF's *Universal Procedures* approved in February and June 2019 to further streamline APG processes. The amendments divide follow-up reporting into three streams in any given year to make improve efficiencies and to further simplify out-of-session adoption of follow up reports.
5. There have been no cases of insufficient progress in 2018-19.

SUPPORT THE MUTUAL EVALUATION PROGRAMME AND FOLLOW-UP WITH EXPERTS, TRAINING AND PROCEDURES

Required activities in 2018–2019:

1. Members and observers to provide assessors and reviewers for evaluations including participating in pre-evaluation visits, face-to-face meetings and plenary meetings to adopt reports.
2. Deliver assessor and pre-mutual evaluation training workshops for mutual evaluations planned in 2019-20.
3. Provide support to members undergoing mutual evaluations.

Achievements:

1. Members and observers provided assessors for six MEs, four ME reviews and seven follow-up reports in 2018-19.
2. Assessors and reviewers have been identified for the 2019–2020 mutual evaluations.
3. A joint FATF/EAG assessor training workshop was held in Malaysia in August 2018.
4. An APG assessor training workshop was held in New Zealand in March 2019.
5. A total of 103 assessors were trained in these two events.
6. A regional pre-ME workshop was held in Korea in August 2018 for members to be evaluated in 2019-20.
7. Pre-ME or pre-FUA support was provided to Australia, Korea, Malaysia, Nepal, New Zealand, Tonga and Vietnam.

PARTICIPATE IN THE FATF'S ICRG AND ITS PROCESSES ON BEHALF OF APG MEMBERS

Required activities in 2018–2019:

4. Provide assistance, advice and engagement with members and technical assistance donors on FATF's ICRG rules and procedures and strategic responses to ICRG review.
5. Provide input to FATF ICRG processes and the development of ICRG procedures.
6. Actively participate in FATF ICRG meetings and inter-sessional AP-JG meetings.

Achievements:

7. The APG provided support to members in the ICRG process and observation period including Cambodia, Mongolia, Myanmar, Pakistan and Sri Lanka.
8. Advice was provided to members under ICRG review including on: ICRG process, rules and practice; general comments on legislative, regulatory and administrative measures to address ICRG concerns; TA coordination; and the impact of ICRG processes on APG membership status.
9. The APG provided policy input to FATF on its review of ICRG processes and procedures.
10. The APG participated in:
 - a) three ICRG meetings during FATF meetings (October 2018, February 2019 and June 2019);
 - b) three Asia-Pacific Regional Joint Group meetings to support members under ICRG review in September 2018 (in Thailand), January 2019 (hosted by the APG secretariat) and May 2019 (in China);
11. The APG conducted two ICRG-related support visits in 2018–19 - Mongolia and Myanmar.

SUMMARY OF BUDGET OUTCOMES FOR 2018–19

A core budget for 2018–19 of \$2,911,728 was approved and adopted at the 2018 annual meeting. Below is an overview of the APG finances in the year 2017–18. All figures are in Australian dollars.

Contributions required from members to meet the budget were calculated using the APG funding formula that calculates contributions using an 80/20 per cent combination of GDP and GDP per capita and required a minimum contribution of \$11,120. As in previous years, members noted at the 2018 annual meeting that the core budget would not, of itself, enable the APG to complete the work outlined in the 2018–19 Business Plan. Members agreed, therefore, that voluntary contributions, continued use of accumulated assets (reserves) and various streams of ‘non-core budget’ funding totalling \$1,700,842 should be made available in 2018–19 to meet the costs of the APG’s agreed work programme. Total revenue from all sources was budgeted at \$4,612,120. Total proposed expenditure from all streams of funding (core and non-core), including reserves, was \$4,820,328. The APG therefore budgeted for a deficit of \$208,208.

The budget outcomes for the period 1 July 2018 to 30 June 2019, based on the audited financial reports (**Annex B**) are as follows:

• Total equity at <u>1 July 2018</u> :	\$586,357
• total income all sources:	2,911,728
• total expenditure all sources:	4,526,485
• net operating (deficit)	16,609
• total equity at <u>30 June 2019</u> :	569,748

Voluntary financial support 2018–19

Untied Funding

In 2018-19 Australia paid a voluntary contribution of \$69,219 for salaries (to reduce expenditure which otherwise would have come from the core budget).

Project funding

Six members provided project funding, each tied to particular projects and realised as revenue as expenditure is made, in FY2018–19: Australia; Canada; China; New Zealand; Chinese Taipei and the United States. These additional funds included both budgeted project funding (included in the *Budget Paper 2018–19*), and new project funding not included in last year’s budget paper (and highlighted in grey in the Executive Summary Tables and Table 1 above).

Australia: In August 2016, Australia provided AU\$50,000 to support the attendance of selected APG members to the 2016 annual meeting in San Diego. Not all those funds were required and since that time the remaining funds have been used to support other APG activities that meet the specific requirements outlined by AGD. The remaining \$7,081 was realised as revenue in 2018–19.

Canada: In January 2017, Canada agreed to provide CA\$350,000 (approximately AU\$350,000) over three years (commencing in late 2016) to support APG efforts to build capacity in member jurisdictions to combat the financing of terrorism in the Asia/Pacific region. AU\$68,673 of that amount was realised as revenue in FY2018–19. The remaining funds have been returned to Canada.

China made a voluntary contribution of \$149,000 in December 2016 to support specific Pacific APG members’ attendance at APG annual events for a two year period (December 2016 to December 2018). A further \$55,975

of this amount was realised as revenue in 2018–19 with the remaining \$30,035 expected to be realised as revenue in 2019–20. In November 2017 China provided a grant of US\$130,000 over four years (2018–19 to 2020–21) to support the APG's 3rd round mutual evaluation (ME) programme. AU\$13,998 of a budgeted \$42,839 was spent in FY2018–19 with a further AU\$58,790 (2019–20 funding plus funds rolled over from 2018–19) due to be realised as revenue in 2019–20.

United States: In October 2012, the US provided \$23,548 to fund a training placement for the Timor-Leste FIU in the Indonesian FIU (PPATK). The final \$3,955 was realised as revenue in FY2018–19; In October 2013, the US provided \$164,965 (US\$153,580) in support of APG mutual evaluation (ME) training, in-country Pre-ME training and the trans-Pacific drug routes typologies project. No funds were realised as revenue in 2018–19, however the remaining \$17,803 is due to be spent early in FY2019–20 to complete this project; In August 2016, the US provided a further grant of US\$75,000 (AU\$98,555) to support members on the FATF ICRG list from the Pacific jurisdictions building their capacity and address deficiencies. \$16,198 was realised as revenue in 2018–19. The remaining \$44,478 is expected to be spent in 2019–20.

Chinese Taipei: In January 2017 (in addition to the \$11,122 rolled over from a grant provided in 2015) Chinese Taipei agreed to provide a grant of \$70,000 per year over two years (January 2017 to January 2019) for priority Pacific Island APG members and observers. \$45,197 was realised as revenue in FY2017–18, with a further \$38,067 realised in 2018–19. The remaining \$39,160 is expected to be realised in FY2019–20

New project funding

New Zealand: New Zealand paid a project contribution of \$35,000 in addition to the \$30,000 provided in 2016–17, which primarily supports experts travelling from New Zealand to APG events to benefit members, but may also be used for other purposes. A further \$50,000 was received in May 2019 to support implementation of the FATF Recommendations and upcoming mutual evaluations. \$40,136 has been utilized in 2018–19. The remaining \$98,860 is budgeted for use in 2019–20. In August 2018, New Zealand agreed, through the Global Security Fund to support (NZD 10,520) a bilateral exchange between Bangladesh and Nepal to meet some of Nepal's technical assistance requirements. AU\$7,794 was realized as revenue. In August 2018, New Zealand agreed, through the GSF, to support South and Southeast Asia AML/CFT Investigation Training for three years (FY2018–19 to FY2020–21) at a value of NZD 54,200. AU\$13,475 was realised as revenue in 2018–19 with a further AU\$18,067 to be realised in 2019–20. In March 2019, New Zealand agreed, through the GSF, to support the APG Regional Human Trafficking and People Smuggling workshop. NZD\$19,457 was approved with AU\$7,715 being realised as revenue in 2018–19. This funding is complete.

China: In December 2018, China provided a grant of US\$130,000 over three years (2019–2021) to support the APG's ICRG programme. AU\$8,815 of a budgeted AU\$15,000 was spent in FY2018–19 with a further AU\$59,226 due to be realised as revenue in 2019–20.

Chinese Taipei: In March 2019, Chinese Taipei agreed to provide a further grant of \$75,000 per year over two years (March 2019 to March 2021) for priority Pacific Island members and observers. No funds were realised in FY2018–19 with \$75,000 expected to be realised in FY2019–20.

In-kind support

Australia: Australia provides yearly in-kind support (accommodation, ICT services, finance, human resources, security, legal etc). In FY2018–19 the value was \$655,122 which has been carried forward to this financial year.

Acknowledgement of support

On behalf of the APG members and Co-Chairs, the secretariat thanks Australia, China, Canada, New Zealand, Chinese Taipei, and the United States for their support of APG activities in 2018–19.

Budget for 2019–20

The APG's agreed 2019–20 budget outlines several areas income and expenditure to support the agreed business plan adopted at the 2019 annual meeting. Income for the year is projected to be \$3,255,068. Non-core

expenditure from voluntary donations, reserves and in-kind support will be approximately \$1,977,408. Total expenditure from all sources in this year is projected at approximately **\$5,202,476**.

The business plan for the year is costed against these figures as an estimate of income and expenditure. Next year's activities are outlined in the next Part of this report.

PRINCIPAL TASKS 2019–20

The APG's key tasks for 2019–20 (some of which are dependent on external funding) are as follows:

Key meetings

The following key meetings will occur in 2019–20:

- 23rd APG annual meeting and annual forum on technical assistance and training in July 2020;
- APG governance committee will meet at least five times in the year as follows: August/September 2019; November/December 2019; February/March 2020; May/June 2020; and in July 2020.

Membership visits

Up to two membership-related visits will be undertaken to members and non-members to facilitate full and active membership and promote commitment to the global AML/CFT standards. Additional visits and activities will be undertaken with external donor funding, if required.

Participation in global AML/CFT network

As an associate member of the FATF, the APG will continue to participate in:

- three FATF plenary meetings;
- working group meetings in the FATF;
- either one FATF inter-sessional meeting (if required), the FATF typologies meeting or an FSRB meeting; and
- meetings of the Asia-Pacific Joint Group.

Information from the FATF and other AML/CFT bodies will be communicated to members when received, APG website and/or individual correspondence/communication.

The APG secretariat will provide communications, information and liaison assistance to the Asia-Pacific Joint Group in further support of APG members in accordance with the *APG Strategic Plan 2016–2020*.

Third round mutual evaluations

The APG will:

- continue the APG's third round of mutual evaluations, including assessor/reviewer and pre-mutual evaluation training; support the Mutual Evaluation Committee; deliver at least one assessor training workshop;
- undertake and complete four mutual evaluations (including two joint evaluations) with reports to be considered at the 2020 annual meeting;
- undertake two 5th year follow-up assessments (jointly with FATF), the timing of which is subject to a decision by the FATF membership in October 2019;
- commence the mutual evaluations of six members with reports to be adopted in July 2021;
- review and prepare analysis reports of members under APG third round follow-up;
- enhance quality and consistency processes for all draft MERs, FURs and FUAs;
- continue to contribute to preparation of updated assessment methodology training materials; and
- contribute to changes to FATF and APG assessment procedures, including consideration of follow assessment procedures as part of the review following the completion of the first six FUAs.

Technical assistance

A number of regional AML/CFT projects will be considered in collaboration with DAP Group members for legal, financial, FIU and law enforcement sectors. The secretariat will support existing mechanisms with the PIF Secretariat and the ASEAN Secretariat, and will continue to support greater cooperation with South Asian regional bodies.

The APG secretariat will also collaborate with DAP Group members and recipient member jurisdictions to develop, coordinate and deliver AML/CFT-specific programmes, including:

- regional programmes to support improved assessments of risk and strategic responses to risk mitigation;
- regional programmes to build AML/CFT capacity amongst AML/CFT supervisors and regulators, in particular in relation to international cooperation between supervisors;
- regional enforcement and prosecution capacity building programmes focusing on targeting policy responses to proceeds of crime and terrorist financing, including through improved international cooperation;
- AML/CFT implementation programmes related to targeted financial sanctions against terrorism and proliferation financing; including a regional program on counter terrorism financing with the NPO sector;
- regional programmes to improve capacity to utilise financial investigation techniques to combat corruption; and
- a regional programme on de-risking, to support members to develop a national de-risking plan, to support good practices/models for AML/CFT supervision of money or value transfer service sectors, and to assist Pacific Island jurisdictions in combatting the challenges associated with de-risking.

Typologies research

Under the direction of the Operations Committee, the APG will continue to support the typologies business framework, organise and convene typologies events, and closely collaborate with the FATF and other strategic partners including supporting the FATF's Risk, Trends and Methods Group and the typologies work of other FSRBs directly relevant to APG business.

The APG will:

- work with APG member jurisdictions and observers on finalising the second phase of the human trafficking project to include people smuggling and implementation issues;
- complete the EAG/APG project on terrorism financing & proceeds of crime (including organised crime);
- complete the Risks and Vulnerabilities of Trans-Pacific Drug Routes project;
- participate in FATF and other FSRB typologies projects relevant to APG business. This may include contributing to FATF work on ML and TF risks associated with crypto-currencies and virtual assets; and
- support regional training initiatives, led by donors and providers, by building upon relevant typologies work.

Due to resource issues, an annual APG typologies workshop will not be held in 2019.

Implementation and ICRG activities

The APG will provide priority assistance and support for APG members involved in the FATF's ICRG process, including participation at Asia-Pacific Joint Group meetings, ICRG meetings, information briefings, supply of information and interpretative materials, implementation assistance and coordination of technical assistance and training. The APG will undertake ICRG-related assistance visits to APG members under ICRG review.

Under the direction of the Operations Committee, the APG will assist members to develop sustainable strategies to meet mutual evaluation recommendations and implement the updated Strategic Implementation Planning Framework to respond to priority recommendations.

The APG will continue to provide priority implementation assistance relating to combating proliferation financing. This will include working with global and regional bodies to identify and address challenges to effective implementation of the global standards to combat PF.

APG resources

The financial resources required to achieve these programmes and plans for 2019–20 extend beyond members' core contributions to include additional financial resources, as well as human and technical resources. Many TA activities and visits rely on voluntary funding and on participation by individual member experts.

The APG will continue in the coming year to seek additional resources from members and observers to assist in meeting our strategic objectives.

APG Activities, Visits and Conferences 2018-19

Associate Member Activities	Visits	Conferences, workshops & seminars
<ul style="list-style-type: none"> • APG/EAG assessor training, Malaysia, August 2018 • FATF ICRG Asia/Pacific Joint Group meeting, Indonesia, September 2018 • FATF plenary, France, October 2018 • FATF ICRG Asia/Pacific Joint Group meeting, Australia, January 2019 • FATF/APG assessed member training, Korea, February 2019 • FATF plenary, France, February 2019 • APG/FATF TREIN Pacific standards training, March 2019 • FATF/MONEYVAL Joint Experts' meeting, Israel, March 2019 • FATF TREIN CFT training course pilot, Korea, May 2019 • FATF ICRG Asia/Pacific Joint Group meeting, China, May 2019 • MONEYVAL IO.11 conference Latvia, May 2019 • FATF plenary, United States, June 2019 	<ul style="list-style-type: none"> • Cook Islands, scoping visit, August 2018 • Pakistan pre-ME visit, August 2018 • Chinese Taipei, pre-ME visit, August 2018 • Solomon Islands pre-ME visit, August 2018, • Vanuatu, scoping visit, September 2018 • Philippines, Pre-ME visit, October 2018 • Pakistan, ME onsite visit, October 2018 • Palau, scoping visit, October 2018 • Solomon Islands, ME onsite visit, October-November 2018 • Hong Kong, China ME onsite visit, November 2018 • Chinese Taipei, ME onsite visit, November 2018 • Philippines ME onsite, November 2018 • New Zealand Mock ME visit, November 2018 • Nepal TA&T, February 2019 • Australia mock ME visit, Canberra, February 2019 • Chinese Taipei, face to face visit, March 2019 • Pakistan, face to face visit, March 2019 • Tonga, TA Pre-ME, March 2019 • Hong Kong, China, Face to Face visit, April 2019 • Solomon Islands, face to face visit, April 2019 • Philippines face to face visit, June 2019 	<ul style="list-style-type: none"> • IOSCO workshop, Malaysia, August 2018 • Regional Pre-ME workshop, Korea, August 2018 • Egmont plenary, Sydney, September 2018 • 10th International Conference on Financial Crime and TF, Malaysia September 2018 • CFT Summit, Thailand, November 2018 • AFI workshop, Malaysia, November 2018 • APG/EAG Typologies workshop, Russian Federation, December 2018 • APG assessor training, New Zealand, March 2019 • Regional Human Trafficking Forum, Indonesia, April 2019 • AMLAT Regional TF Risk workshop, Malaysia, April 2019 • Pre-FUA workshop, Malaysia, April/May 2019 • AMLAT workshop on Advancing the Effectiveness of PNG's AML/CTF System, Australia, May 2019 • Women Against Money Laundering, Australia, May 2019

ANNEX B

2018–2019 APG Audit Report and Financial Statements

Independent Auditor's Report to the Members of the Asia/Pacific Group on Money Laundering

Opinion

We have audited the financial report, being a special purpose financial report, of the Asia/Pacific Group on Money Laundering, which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the Statement by the Executive Secretary.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Asia/Pacific Group on Money Laundering as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in the Overview section of the financial statements.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Asia/Pacific Group on Money Laundering in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

We draw attention to the Overview section of the financial statements which describes the basis of accounting. The financial report is prepared to assist the Asia/Pacific Group on Money Laundering to meet the requirements of Section 6.5 of the *APG Terms and Reference 2012*. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the Asia/Pacific Group on Money Laundering and should not be distributed to parties other than the Recipients.

Responsibilities of the Executive Secretary for the Financial Report

The Executive Secretary of the Asia/Pacific Group on Money Laundering is responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in the Overview section of the financial statements is appropriate to meet the requirements of Section 6.5 of the *APG Terms of Reference 2012* and is appropriate to meet the needs of the members. The Executive Secretary responsibility also includes such internal control as the Executive Secretary determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Executive Secretary is responsible for assessing the Asia/Pacific Group on Money Laundering's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Asia/Pacific Group on Money Laundering or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 our 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 Asia/Pacific Group on Money Laundering's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Asia/Pacific Group on Money Laundering's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Asia/Pacific Group on Money Laundering to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young
Canberra
10 September 2019

Asia/Pacific Group on Money Laundering

**Special Purpose Financial Statements
for the year ended 30 June 2019**

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Statement by the Executive Secretary

In my opinion:

1. The Asia/Pacific Group on Money Laundering (APG) is not a reporting entity and these special purpose financial statements and notes:

- are based on properly maintained financial records and prepared in accordance with the accounting policies outlined in the overview to the financial statements which are appropriate to meet the needs of users;
- present fairly the APG's financial position as at 30 June 2019 and its performance for the year ended on that date; and

2. At the date of this statement, there are reasonable grounds to believe that APG will be able to pay its debts as and when they become due and payable.



Gordon Hook
Executive Secretary, APG Secretariat

10 September 2019

Statement of comprehensive income

for the year ended 30 June 2019

		2019	2018
	Notes	\$	\$
INCOME			
Contributions from members	1.1	2,911,277	2,767,790
Other contributions	1.2	943,478	614,079
Total revenue		3,854,755	3,381,869
Gains			
Resources received free of charge from the AFP		655,121	592,295
Total gains		655,121	592,295
Total income		4,509,876	3,974,164
EXPENSES			
Employee benefits	2.1	2,811,229	2,575,992
Depreciation and amortisation		478	522
Supplier expenses	2.2	905,430	623,547
Travel expenses	2.3	809,348	612,995
Total expenses		4,526,485	3,813,056
(Deficit)/ Surplus		(16,609)	161,108

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

Statement of financial position

as at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Financial assets			
Cash and cash equivalents		3,029,517	3,451,280
Trade and other receivables	3	240,086	91,594
Accrued revenue		3,055	-
Total financial assets		3,272,658	3,542,874
Non-financial assets			
Property, plant and equipment		-	478
Prepayments		46,920	67,140
Total non-financial assets		46,920	67,618
Total assets		3,319,578	3,610,492
LIABILITIES			
Payables¹			
Supplier payables		143,335	101,473
Unearned income	4	1,673,240	2,149,686
Salaries and wages		18,275	15,749
Superannuation		2,979	2,489
FBT		2,247	2,089
Total payables		1,840,076	2,271,486
Provisions			
Leave provisions ²		909,754	752,649
Total provisions		909,754	752,649
Total liabilities		2,749,830	3,024,135
Net assets		569,748	586,357
EQUITY			
Retained surplus		569,748	586,357
Total equity		569,748	586,357

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

1. All supplier payables are expected to be settled within 7 days (2018: 7 days). All other payables are expected to be settled within 12 months.

2. Employee provisions which are expected to be settled beyond 12 months (commonly long service leave), are discounted to present value using market

Statement of changes in equity

for the year ended 30 June 2019

	2019	2018
	\$	\$
Retained surplus		
Opening balance	586,357	425,249
Comprehensive income		
Add: (Deficit) Surplus for the period	(16,609)	161,108
Total comprehensive income	(16,609)	161,108
Closing balance as at 30 June 2019	569,748	586,357

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

Cash flow statement

for the year ended 30 June 2019

	2019	2018
	\$	\$
Operating activities		
<i>Cash received:</i>		
Contributions and other receipts	3,226,762	3,053,295
Net GST received from ATO	15,597	11,357
Total cash received	3,242,359	3,064,652
<i>Cash used:</i>		
Employees	2,651,108	2,539,906
Suppliers and other payments	1,013,014	726,883
Total cash used	3,664,122	3,266,789
Net cash (used by) operating activities	(421,763)	(202,137)
Net (decrease) in cash held	(421,763)	(202,137)
Cash and cash equivalents at the beginning of the reporting period	3,451,280	3,653,417
Cash and cash equivalents at the end of the reporting period	3,029,517	3,451,280

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

Overview

Objectives of Asia/Pacific Group on Money Laundering

The purpose of the Asia/Pacific Group on Money Laundering (APG) is to facilitate the adoption, implementation and enforcement of internationally accepted standards against money laundering, terrorist financing and financing of the proliferation of weapons of mass destruction, in particular the Forty Recommendations of the Financial Action Task Force (FATF). The APG allows for regional factors to be taken into account in the implementation of anti-money laundering, anti-terrorist financing and anti-proliferation financing measures and provides for peer review by means of a mutual evaluation process.

Basis of preparation of the financial statements

The APG's accounts form part of the Australian Federal Police (AFP) special account, Services and Other Entities Trust Moneys. The AFP continued to host the APG for the year ended 30 June 2019 and has prepared this special purpose financial report for the members of the APG.

This special purpose financial report has been prepared for distribution to the members to fulfil the Executive Secretary's financial reporting requirements under the APG Terms of Reference.

The financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period with the exception of AASB 124, 'Related Parties' which has not been adopted by the APG.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention. 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 dollar unless otherwise specified.

Unless alternative treatment is specifically required by an accounting standard, assets and liabilities are recognised in the statement of financial position when it is probable that future economic benefits will flow to the entity or future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an Accounting Standard. Assets and liabilities that are unrecognised are reported as commitments. There are no operating or capital commitments payable at 30 June 2019 (2018: nil operating or capital commitments).

Contingent liabilities and assets are not recognised in the statement of financial position but are reported in the notes. 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. The APG does not have any contingencies as at 30 June 2019 (30 June 2018: nil).

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the statement of comprehensive income when and only when the flow, consumption or loss of economic benefit has occurred and can be reliably measured.

Significant accounting judgements and estimates

In the process of applying the accounting policies listed in this note, the APG has made the following judgement that has the most significant impact on the amounts recorded in the financial statements:

- The liability for long service leave has been estimated using present value techniques. This takes into account expected salary growth through promotion, inflation, attrition and future discount rates.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

All new and revised standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the APG's financial statements.

Future Australian Accounting Standard Requirements

There are no new Accounting Standard requirements which are expected to have a material impact upon the APG statements.

Overview (cont)

Gains

Resources received free of charge

Resources received free of charge are recognised as gains 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 those resources is recognised as an expense.

Financial instruments

The APG's financial instruments are measured at fair value. Interest-earning financial assets and liabilities are measured using the effective interest rate method. The carrying amount of all financial instruments in the Statement of financial position approximates fair value. Financial instruments held by the APG carry minimal credit, liquidity and market risk.

Property, plant and equipment

Asset recognition and initial measurement

Assets are initially recorded at cost. 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.

Revaluations

Following initial recognition at cost, property plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure the carrying amounts of assets do not differ from the assets' fair values as at the reporting date. The APG has adopted a 3 year valuation cycle based on an assessment the APG tests the valuation model as an internal management review at least once every 12 months to ensure there are no material differences. The last formal valuation occurred at 30 June 2017. Australian Valuation Services conducted the valuation. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

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 class 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.

The fair value for property, plant and equipment is measured at depreciated replacement cost.

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

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the APG using, in all cases, the straight-line method of depreciation. All assets held by APG have been fully depreciated as at 30 June 2019.

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 plant and equipment are based on the following useful lives:

	2019	2018
Plant and Equipment	1-5 years	1-5 years

Taxation

The APG is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses, assets and liabilities are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

Events after the reporting period

No significant events have occurred since the reporting date requiring disclosure in the financial statements.

Note 1: Income

	2019	2018
	\$	\$
Note 1.1: Contributions from members		
Afghanistan	11,120	10,572
Australia	200,781	210,588
Bangladesh	17,724	14,493
Bhutan	11,120	10,572
Brunei Darussalam	11,120	10,572
Cambodia	11,120	10,572
Canada	221,047	230,394
China	342,098	325,250
Chinese Taipei	72,054	70,790
Cook Islands	11,120	10,572
Fiji	11,120	10,572
Hong Kong, China	59,407	59,744
India	218,408	199,367
Indonesia	98,924	96,844
Japan	420,425	399,720
Korea	167,186	157,254
Lao PDR	11,120	10,572
Macau, China	63,342	10,572
Malaysia	42,027	42,641
Maldives	11,120	10,572
Marshall Islands	11,120	10,572
Mongolia	11,120	10,572
Myanmar	11,120	10,572
Nauru	11,120	10,572
Nepal	11,120	10,572
New Zealand	48,974	53,353
Niue	11,120	10,572
Pakistan	27,970	25,227
Palau	11,120	10,572
Papua New Guinea	11,120	10,572
Philippines	32,756	29,568
Samoa	11,120	10,572
Singapore	70,761	76,034
Solomon Islands	11,120	10,572
Sri Lanka	11,120	10,572
Thailand	48,489	47,099
Timor-Leste	11,120	10,572
Tonga	11,120	10,572
United States	492,910	468,636
Vanuatu	11,120	10,572
Vietnam	21,354	17,632
Total contributions from members	2,911,277	2,767,790

Note 1: Income (cont)

	2019	2018
	\$	\$
Note 1.2: Other contributions		
Voluntary Contribution - Australia	69,219	59,412
Project Contribution - Australian Attorney General's Department	7,081	2,417
Project Contribution - Canadian Department of Foreign Affairs and International Trade	68,998	106,972
Project Contribution - China	103,598	76,517
Project Contribution - Chinese Taipei	38,066	45,198
Project Contribution - NZ Ministry of Foreign Affairs and Trade	568,469	243,942
Project Contribution - NZ Ministry of Justice	40,138	46,002
Project Contribution - US - Timor-Leste	3,755	-
Project Contribution - US State Department	16,198	15,221
Project Contribution via reimbursement – Hong Kong, China	-	5,866
Project Contribution via reimbursement - New Zealand	27,956	12,532
Total other contributions	943,478	614,079

Accounting Policy

Contributions

Member contributions are annual contributions from APG members to fund the ongoing activities of the APG. They are recognised as revenue in the membership year they pertain to.

Voluntary contributions are contributions from APG members or observers not tied to a particular APG project or activity. These funds are provided for the APG to spend as it sees fit, with approval from APG members through the annual budget process. They are recognised as revenue in the period they are received or invoiced.

Project contributions are additional allocations attributed to particular projects or activity as specified by the donor. Project contributions are recognised with reference to the stage of completion of the project and are generally received in advance. The proportion of the contribution relating to the uncompleted percentage of the project is recognised as unearned income.

Note 2: Expenses

	2019	2018
	\$	\$
Note 2.1: Employee benefits		
Wages and salaries	2,005,391	1,880,611
Superannuation:		
Defined contribution plans	209,559	170,820
Defined benefit plans	144,733	173,867
Leave and other entitlements	442,399	341,843
Other employee expenses	9,147	8,851
Total employee benefits	2,811,229	2,575,992

Accounting Policy

Liabilities for services rendered by employees are recognised at the reporting date to the extent they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of the end of the 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.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Note 2: Expenses (cont)

Accounting Policy (cont)

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting as the average sick leave taken in future years by employees of the APG 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 at the time the leave is taken, including the APG's employer superannuation contribution rates to the extent the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2016. Attrition rates and pay increases through promotion and inflation are taken into account in the estimate of the present value of the liability. A full review by an actuary is conducted every 3 years.

Superannuation

Staff of APG are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap). The CSS and PSS are defined benefit schemes for the Commonwealth of Australia. The PSSap is an accumulation fund.

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 in the Department of Finance's administered schedules and notes.

APG make employer contributions to their employee's superannuation scheme at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the APG's employees. APG accounts for the contributions as if they were contributions to defined contribution plans.

Note 2.2: Supplier expenses

	2019	2018
Goods and services	\$	\$
Consultants and contractors*	302,059	233,229
Audit fees	16,000	16,000
Staff and recruitment	12,091	1,379
Conference costs	20,428	(104,901)
Communications and IT	13,953	19,883
General and office	20,110	4,680
Building and accommodation*	94,089	79,939
Office space*	354,915	327,446
Other expenses	13,170	16,193
Total goods and services	846,815	593,848
Other supplier expenses		
Workers compensation expenses	58,615	29,699
Total other supplier expenses	58,615	29,699
Total supplier expenses	905,430	623,547

* Supplier expenses includes resources received free of charge from the AFP of consultants and contractors (\$209,059) (\$186,529 - 2018) building and accommodation (\$91,148) (\$78,320 - 2018) and office space (\$354,915) (\$327,446 - 2018).

Note 2.3: Travel expenses

Airfares	404,535	376,107
Accommodation	303,723	197,830
Other travel expenses	101,090	39,058
Total travel expenses	809,348	612,995

Note 2: Expenses (cont)

Note 2.4: New Zealand Ministry of Foreign Affairs and

	MFAT	All Other APG	Total
Breakdown of expenses	\$	\$	\$
Employee	329,054	2,482,175	2,811,229
Supplier	95,238	810,192	905,430
Travel	190,487	618,861	809,348
Total	614,779	3,911,228	4,526,007

In 2017, the New Zealand government provided voluntary funding over five years to support a programme of technical assistance and training in the Pacific. This includes the establishment of three additional staff (referred to as the "Pacific Cell") in the APG secretariat. This funding forms part of the APG's accounts and is reflected in these financial statements. However, for accountability reasons, and to ensure that this funding does not affect other APG resourcing from member contributions, day to day management of this funding is kept separate from other APG funds. It is reported on separately here for transparency.

Note 3: Trade and other receivables

	2019	2018
	\$	\$
Member contributions and other receivables	239,292	91,319
GST receivable from the Australian Taxation Office	794	1,475
Total trade and other receivables	240,086	92,794
Less impairment loss allowance:		
Other receivables	-	(1,200)
Total impairment loss allowance	-	(1,200)
Total trade and other receivables (net)	240,086	91,594

Accounting Policy

Credit terms for goods and services are 30 days (2018: 30 days). Receivables are held for the purpose of collecting contractual cash flows and measured at amortised cost using the effective interest method adjusted for any loss allowance.

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses.

Note 4: Unearned income

	2019	2018
Member and project contributions paid in advance	\$	\$
Member contribution - US State Department	44,478	8,235
Member Contribution - Marshall Islands	-	2,983
Project contribution - Australian Attorney General's Department	-	7,081
Project contribution - Canada	-	31,904
Project contribution - China	317,549	243,468
Project contribution - Chinese Taipei	114,160	35,925
Project contribution - NZ Ministry of Foreign Affairs and Trade	1,080,390	1,648,858
Project contribution - NZ Ministry of Justice	98,860	88,998
Project contribution - US State Department	17,803	78,479
Project contribution - US - Timor-Leste	-	3,755
Total unearned income	1,673,240	2,149,686



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2018-2019 Annual Report of Asia/Pacific Group on Money Laundering

In this report: a summary of major APG business programmes completed and the objectives achieved for the financial year 1 July 2018 to 30 June 2019 including audited financial statements