



Asia/Pacific Group on Money Laundering

ANNUAL REPORT **1 July 2006 – 30 June 2007** (incorporating outcomes from 10th Annual Meeting in July 2007)

April 2008

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APG ORGANISATIONAL STATEMENTS

OUR VISION	An active and effective APG contributing to the reduction of serious crime in the Asia/Pacific region
OUR MISSION	<p>To combat money laundering and the financing of terrorism in the Asia/Pacific region through:</p> <ol style="list-style-type: none"> 1) Effective participation in the FATF's standard-setting process, and 2) Full and effective implementation of those standards in APG member jurisdictions
OUR GOALS	<p>The APG will:</p> <ol style="list-style-type: none"> 1) Provide a strong, cohesive and autonomous regional AML/CFT body for APG members and observers, including all strategically important jurisdictions in the Asia/Pacific region 2) Actively participate in, and co-operate with, the global AML/CFT network, including the Financial Action Task Force on Money Laundering (FATF), other FATF-style regional bodies and relevant international and regional organisations 3) Assess APG members' compliance with the global AML/CFT standards 4) Carry out education, research and analysis activities to enhance understanding of the money laundering and financing of terrorism environments and the effectiveness of AML/CFT efforts 5) Provide assistance to APG members to implement the global AML/CFT standards through implementation planning and the provision of guidance 6) Support and expand the APG's technical assistance and training program in order to assist members to achieve the APG's mission

Outline

This Annual Report of the Asia/Pacific Group on Money Laundering (APG) reports on the achievement of objectives and delivery of outputs from 1 July 2006 to 30 June 2007 (incorporating outcomes at the 10th Annual Meeting in July 2007).

This report is divided into 10 sections and is prefaced with reports by the APG Co-Chairs and the Executive Secretary.

Sections 3 to 8, inclusive, report on the APG's six strategic goals articulated in the APG's Organisational Statements on the previous page.

Section 1

Section 1 provides an overview of the APG including its role and a list of current members and observers.

Section 2

Section 2 outlines the major achievements and outcomes of the APG's 10th Annual Meeting in Perth, Australia, in July 2007 including the admission of new members and the adoption of six mutual evaluation reports.

Section 3

This section reports against Strategic Goal 1 (*developing and sustaining an effective regional AML/CFT body*). It provides a snapshot of the important activities undertaken by the APG in the last year.

Section 4

Section 4 reports against Strategic Goal 2 (*actively participating in and cooperating with the global AML/CFT network*) by outlining the major activities undertaken in the reporting year with our key international partner agencies and jurisdictions.

Section 5

The fifth section of this report outlines achievements and outputs against Strategic Goal 3 (*ensuring compliance with global standards*). It reports on the six APG mutual evaluations – including World Bank and IMF led assessments. Those reports were in relation to Cambodia, Chinese Taipei, Macao, China, Malaysia, Mongolia and Thailand. This section also provides a schedule of evaluations for the upcoming year.

Section 6

Strategic Goal 4 requires the APG to *understand the effectiveness of AML/CFT efforts by carrying out education, research and analysis activities in order to enhance understanding of the money laundering and terrorist financing environment*. This section reports on the achievements of the 2006 APG Typologies Workshop and the APG Typologies Working Group.

Section 7

Section 7 outlines the major achievements and outputs in relation to Strategic Goal 5 (*implementing planning and providing AML/CFT guidance*) over the last year and discusses the activities of the Implementation Issues Working Group and the important projects it is leading on the Strategic Implementation Planning Framework and the Implementation Library for Consolidation of Lessons Learned.

Section 8

Technical Assistance and Training coordination is the subject matter of Goal 6 of our Strategic Plan (*support and expand the APG's technical assistance and training program*). Section 8 outlines the 2007 Annual Forum on Technical Assistance and Training conducted during the 2007 Annual Meeting. This section also outlines two important outreach missions conducted this year - one to the Maldives and the other to Lao PDR.

Section 9

Section 9 provides a brief outline of the APG Secretariat, its functions, responsibilities and contact details. It also provides information on the APG's Budget and Financial Statements and outcomes for 2006 – 07.

Section 10

The final section of this report is entitled "Future Directions and Priorities" and gives a summary of important APG issues to take forward in the next financial year with an emphasis on our core functions of mutual evaluations (including evaluator training), technical assistance and training, and typologies projects.

Acronyms and Abbreviations

ADB	Asian Development Bank
ADB/OECD	Asian Development Bank/Organisation for Economic Co-operation and Development
AFP	Australian Federal Police
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
APEC	Asia Pacific Economic Cooperation
APG	Asia/Pacific Group on Money Laundering
ASEAN	Association of South East Asian Nations
AusAID	Australian Agency for International Development
AUSTRAC	Australian Transaction Reports and Analysis Centre
CFATF	Caribbean Financial Action Task Force
COAG	Coordination Agreement
COAMLI	Coordinating Office for the Pacific Anti-Money Laundering Initiative
CommSec	Commonwealth Secretariat
DAP	Donors and Providers
DFAIT	Department of Foreign Affairs and International Trade (Canada)
EAG	Eurasian Group
Egmont	Egmont Group of Financial Intelligence Units
EU	European Union
FATF	Financial Action Task Force
FBI	Federal Bureau of Investigation (United States of America)
FIU	Financial Intelligence Unit
FSAP	Financial Sector Assessment Program
FSRB	FATF-Style Regional Body
GAFISUD	Grupo de Acción Financiera de Sudamérica
IIWG	Implementation Issues Working Group
IMF	International Monetary Fund
INTERPOL	The International Criminal Police Organization
IOFC	International Offshore Financial Centre
MENAFATF	Middle East and North Africa Financial Action Task Force
MER	Mutual Evaluation Report
ML/TF	Money Laundering/Terrorist Financing
Moneyval	The Committee of Experts on the Evaluation of Anti-Money Laundering Measures
NPO	Non-Profit Organisation
OCO	Oceania Customs Organisation
OGBS	Offshore Group of Banking Supervisors
PIFS	Pacific Islands Forum Secretariat
SAARC	South Asian Association for Regional Cooperation
SEARCCT	South East Asia Regional Centre for Counter Terrorism
SIPF	Strategic Implementation Planning Framework
SRIII	FATF Special Recommendation III on Terrorist Financing
TA&T	Technical Assistance and Training
UNODC	United Nations Office on Drugs and Crime
WCO	World Customs Organization

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Commissioner Mick Keelty



Dr Yunus Husein

APG Co-Chairs' Foreword

We are pleased to present this Annual Report of the Asia/Pacific Group on Money Laundering to the APG Membership. This report summarises the activities of the APG for the period from 1 July 2006 to 30 June 2007 but includes the major outcomes of the APG's 2007 Annual Meeting in Perth, Australia, from 23-26 July 2007.

A number of major achievements occurred during this reporting period including expansion of the APG's membership to 36 jurisdictions. This makes the APG, in its 10th year of operation, the largest FATF-Style Regional Body (FSRB) in the world.

Another major achievement is the implementation of the 2006-2009 APG Strategic Plan adopted at the 2006 Annual Meeting - the Vision, Mission and Goals of which are stated in the opening pages of this Report. The full plan is attached to this report (Annex A). This new plan provides a comprehensive framework for the APG's work over the next three years.

The adoption of the Technical Assistance and Training Strategy at the 2007 Annual Meeting represents a significant improvement in the way we deliver technical assistance and training coordination. This new strategy puts the APG in an excellent position, both regionally and globally, to move forward with these programs.

Importantly, the APG conducted and adopted six mutual evaluations during the reporting period: Cambodia; Chinese Taipei; Macao, China; Malaysia; Mongolia; and Thailand. In addition, the on-site evaluation of Canada was conducted jointly with the FATF in March 2007 and the report will be considered at our 2008 Annual Meeting. This was a demanding schedule of evaluations and underscores the need for the training of experts from APG members. Three training sessions were conducted during the year by the FATF with participation by the APG – the first in Brisbane, Australia; the second in Washington DC, USA; and the third in Hong Kong, China. An APG training workshop was conducted in Singapore in July 2007 immediately following the Perth Annual Meeting. Although this training has produced a larger pool of experts for future evaluations there is still a need for more experts to be trained to enable completion of the demanding mutual evaluation schedule.

The APG also held another successful Typologies Workshop in Jakarta, Indonesia in November 2006 to examine current trends and methods of money laundering and terrorist financing. As APG Co-Chair, Indonesia was proud to host this important APG event.

A major achievement for the APG was the securing of financial support from the Government of Canada to fund the position of technical assistance and training consultant/manager for a period of 18 months from June 2006 to March 2008. The Canadian Government agreed to provide the APG with in excess of AU\$500,000 targeted specifically at continuing, and enhancing, the APG's technical assistance and training coordination program. Previous funding was provided by the United Kingdom's Commonwealth Foreign Office and the Commonwealth Secretariat in London. We thank the generosity of those agencies and the Canadian Government for the support

they have provided to the APG which has allowed us to build and maintain a strong program of technical assistance and training coordination.

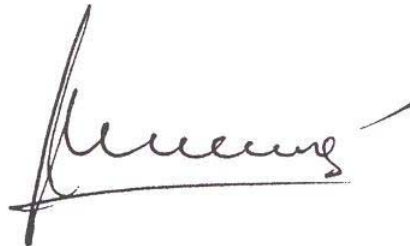
The APG Secretariat has had a number of key staff changes over the last year. Dr Gordon Hook from New Zealand, who many of you would have known as a New Zealand APG and FATF delegate, was appointed as the new APG Executive Secretary. Gordon is a lawyer by profession and practiced in both Canada and New Zealand. He brings excellent managerial and technical experience to the Secretariat and we look forward to working closely with him. Also, Bronwyn Somerville, who worked tirelessly for five years as the Executive Consultant to the APG on technical assistance and training matters left the Secretariat in June 2007 after her appointment as Executive Secretary to the Egmont Group of Financial Intelligence Units newly based in Toronto. Although Bronwyn will be missed, she is an excellent choice to head the Egmont Group Secretariat and we wish her all the best in her role.

We have worked very closely this year with all of our multilateral partners in the region including the International Monetary Fund (IMF), the World Bank, the Asian Development Bank (ADB), the Pacific Islands Forum (PIFS), Asia Pacific Economic Cooperation (APEC), Association of South East Asian Nations (ASEAN), United Nations Office on Drugs and Crime (UNODC), the Offshore Group of Banking Supervisors (OGBS) and the Oceania Customs Organisation (OCO). As an Associate Member of the FATF, the APG has also further consolidated its close working relationship with the FATF during the year. The close partnership we have with these organisations, together with the hard work of the Secretariat, has helped the APG achieve its vision of contributing to the reduction of serious crime in the Asia/Pacific region.

We look forward to the new APG year and to the exciting challenges ahead.



Commissioner Mick Keelty
Co-Chair
Australia



Dr Yunus Husein
Co-Chair
Indonesia



Gordon Hook

Executive Secretary's Report

I have the pleasure as Executive Secretary of submitting my first report as part of this Annual Report.

It is indeed a pleasure to be working with the APG. Since December 2006, when I was appointed, the APG Secretariat has been very busy with a host of activities and ventures. Core functions relating to mutual evaluations and Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) technical assistance and training have consumed most of the time and energy of Secretariat staff, in addition to preparing for the 10th Annual Meeting in July 2007 at the Perth Convention Centre.

The Year

The APG Secretariat was involved in a number of important missions to priority observers in the last year. A membership outreach mission to Lao PDR resulted in their successful admission as a member. Other priority observers, the Solomon Islands and Nauru, were also successful with membership applications, boosting the number of APG members to 36 as reported by the Co-Chairs in their Foreword. The size of the APG, and the scope of our geographical region (extending from Afghanistan across Asia and the Pacific Ocean to the United States and from Mongolia in the north to New Zealand in the south), presents many challenges but also important opportunities to work with a highly diverse range of regional jurisdictions. I look forward to working with these new members and with all APG jurisdictions in the coming years.

We also conducted a very successful Typologies Workshop in Jakarta, Indonesia in November 2006. The workshop was attended by over 300 delegates. Major achievements during the workshop included sharing new Money Laundering/Terrorist Financing (ML/TF) typologies information among experts and progressing our key typologies projects including the Casinos and Gaming project and the joint FATF/APG Corruption project. Both of these important projects will conclude in the next year.

Our new status with the FATF as an Associate Member has also assisted with the APG gaining improved insight into the FATF policy-making process and permits non-FATF APG members to participate directly in that process. The Secretariat has worked closely with member jurisdictions which are not FATF members and which have attended FATF plenary meetings as APG delegates. This new mechanism is proving effective for those members and we encourage other non-FATF members to send delegations to future FATF meetings to gain exposure to FATF procedures. The Secretariat is making suggestions to the FATF and to other FSRB Secretariats as to how best to take advantage of our status in the FATF.

Two important APG members (Korea and India) have applied for membership in the FATF. The APG strongly supports these applications and the Secretariat worked closely with the FATF Secretariat in the last year, and will continue to do so in the coming year, to progress those applications. If accepted, the number of FATF members in the APG would climb to nine¹ making the APG unique among FSRBs.

¹ Current FATF/APG members are: Australia, Canada, Hong Kong, China, Japan, New Zealand, Singapore, United States.

The Secretariat has also taken steps to improve service delivery to our members and observers. From July 2007 we have assigned a Secretariat primary contact officer to provide a centre of advice and information for each member and observer. This process is now completed and we have received positive feedback from our members and observers on this initiative.

We are also strongly committed to continuing our close relationship with those business sectors affected by AML/CFT initiatives and, to this end, the Secretariat has continued to deliver lectures and presentations at a variety of venues, including banking organisations, government sector meetings. We have also held a number of direct meetings with the private sector and with overseas business and government agencies over the last year to discuss AML/CFT reforms as well as how best to implement FATF standards in the light of lessons learned from previous evaluations.

During the year the Steering Group reviewed the APG's legal status. Following extensive analysis and discussion, and after reviewing the existing arrangements with the Australian Government, it was considered that the current legal arrangements are working very well and that the APG should retain its current status during its mandate which is similar to other FSRBs and to the FATF.

The Future

Members adopted a new Business Plan for 2007-08 in Perth. While similar in many respects to previous plans, this new plan requires an extensive commitment in relation to our core activities. We are confident that our work program will be as successful next year as it was this year. And, with our recently adopted Technical Assistance and Training Strategy, we have an effective operating framework to improve on coordination of assistance to APG jurisdictions.

In addition, we are currently planning a joint FATF/APG Typologies Meeting to be held in Bangkok, Thailand in November 2007. This will be the 10th such workshop for the APG (and our first joint workshop with the FATF) and continues our commitment to work closely with our AML/CFT partners and to study money laundering and terrorist financing typologies in order to better understand our environment and to make policy suggestions to respond to emerging new trends.

In terms of membership issues, we have three key priority observers which we will be working with this year, namely Papua New Guinea, the Maldives and Timor Leste. The Secretariat will pursue a strategy to engage with these jurisdictions in advancing membership applications for consideration by our group.

The APG has important mutual evaluations planned for the coming year including Singapore; Indonesia; Japan; Myanmar; Palau; Hong Kong, China; and Pakistan. A number will be joint evaluations with the FATF, the International Monetary Fund and World Bank and others will be solely APG assessments.

The Secretariat is also working on a number of arrangements to support future secondments to the Secretariat from member jurisdictions. This scheme has been in development for a number of years and we are hopeful that we can attract a secondee or secondees in the near future. Secondments will benefit the Secretariat by providing much needed resources and will benefit the jurisdiction providing the secondee by exposing them to a wide range of APG technical work. We welcome any expressions of interest from APG members or observers in this program.

In the coming year we will continue to build on our important partnerships with key AML/CFT organisations such as the IMF, the World Bank, the Egmont Group of Financial Intelligence Units (FIUs), PIFS, OCO, OGBS, the European Union (EU) and, of course, our closely related FSRBs.

Secretariat Staff

There have been number of Secretariat staff changes as stated by the Co-Chairs in their report. Bronwyn Somerville's departure to take up the appointment of Executive Secretary to the newly formed Secretariat of the Egmont Group of FIUs was a loss to the APG. But given Bronwyn's close connection with the AML/CFT community in Egmont, her path and that of the APG will cross many more times in the coming years.



Bronwyn Somerville

Bronwyn Somerville built a highly successful Technical Assistance and Training (TA&T) program. The APG is recognised globally as a leader in this area, due in part, to her efforts. The APG is currently in the process of recruiting a replacement for Bronwyn who will fill the newly established position of Manager, Technical Assistance and Training which the membership agreed in 2007 to establish as a full-time APG position.

In January 2007 the Secretariat welcomed our new Executive Officer, Lindsay Chan. Lindsay joined the Secretariat from the Australian Transaction Reports and Analysis Centre (AUSTRAC). Lindsay has extensive experience in AML/CFT matters, in particular the coordination and delivery of technical assistance and training and has participated in many missions in South East Asia. Since joining the Secretariat Lindsay has participated as the APG Secretariat representative on the World Bank AML/CFT assessment of Cambodia and has been supporting the work of the Implementation Issues Working Group (IIWG) as well as other key parts of the Secretariat's work



Lindsay Chan

Executive Officer Arun Kendall, who worked for the APG Secretariat for two years, left the Secretariat in January 2007 to return to a role with Australia's New South Wales state government. The APG recognises Arun's contribution to establishing the IIWG and developing the joint FATF/APG Corruption Project. Arun was also a member of the APG Mutual Evaluation teams for Brunei, India, Vanuatu and Macao, China.



Eliot Kennedy

We also welcome back Deputy Secretary Eliot Kennedy who was on a one year leave of absence in Finland. Eliot Kennedy returned to the Secretariat prior to the July 2007 Annual Meeting in Perth and many of you would have met with him during the Donors and Providers (DAP) meetings. The Secretariat warmly welcomes Eliot back.

During Eliot Kennedy's absence the role of Deputy Secretary was filled by Ian Knight, who joined the Secretariat from the Australian Federal Police. Ian was instrumental in arranging funding from Canada in relation to the APG's technical assistance and training program. During his time with the Secretariat Ian coordinated the APG evaluations of Chinese Taipei and Macao,



Ian Knight

China. Ian returns to his duties with the Australian Federal Police in October 2007. We thank Ian for his tremendous work in the Secretariat over the last year.

As Executive Secretary, I would also like to thank other members of the Secretariat staff: Marnie Campbell, Jennifer Ford, Helen Newell, and, of course, David Shannon for the excellent support they have given me in transitioning to my new position in the APG.

Australian Government Organisations

The APG Secretariat has a unique relationship with the Australian Government, and with the Australian Federal Police (AFP), in particular. Our offices are within the AFP Headquarters in downtown Sydney and our administrative support, including IT, legal, HR and other essential services are provided directly to the APG Secretariat at no cost. This is a tremendous level of support and is a significant cost saving for the APG membership. On behalf of the APG membership I would like to thank the AFP for their generous support and for all of the essential assistance they provide to the APG and to the Secretariat including the provision of experienced staff to assist with APG Annual Meetings. I would also like to acknowledge the close working relationship and support we receive from other Australian Government agencies including AUSTRAC (who also provides personnel to assist with Annual Meetings), the Attorney General's Department and the Department of Foreign Affairs and Trade.

I look forward to the next APG year and to working with all of our partners in the APG region.



Dr Gordon Hook
Executive Secretary

1. Overview of the APG

Background

The APG was officially established in February 1997 at the 4th Asia/Pacific Money Laundering Symposium in Bangkok, Thailand. This was the culmination of a process of 'awareness raising' by the FATF in the Asia/Pacific region.

The APG is an autonomous, voluntary and co-operative international body established by agreement among its members. The APG's strategic direction, business plan, work schedule and priorities, and its procedures are determined on a full consensus basis.

Purpose and Role of APG

The primary purpose of the APG is to facilitate the adoption, effective implementation and enforcement of FATF's Forty Recommendations on money laundering and Nine Special Recommendations on terrorist financing. Its core functions include:

1. assessing compliance with FATF standards by APG members within a mutual evaluation framework;
2. co-ordinating technical assistance and training to jurisdictions in the Asia/Pacific region; and
3. carrying out education, research and analysis to enhance the understanding of money laundering typologies and the financing of terrorism environment as well as the global efforts against it.

The APG's purpose, mission and goals are further described in the Terms of Reference (**Annex B**) and in its Strategic Plan.

Members and Observers

Membership in the APG is open to any jurisdiction within the Asia/Pacific region that recognises the need for action to combat money laundering and terrorist financing and recognises the benefits obtained through sharing knowledge and experience. Jurisdictions must also have taken (or be actively taking) steps to develop, pass and implement anti-money laundering and anti-terrorist financing legislation and other targeted financial system prevention measures. Membership requirements are articulated in greater detail in the APG Terms of Reference.

The APG has expanded to 36 members and six observer jurisdictions as at 28 July 2007. In addition over 20 international organisations partake in APG work, most notably the FATF, International Monetary Fund, the World Bank, the Asian Development Bank, the Egmont Group of FIUs, the Offshore Group of Banking Supervisors and the United Nations Office on Drugs and Crime.

The following Members and Observer jurisdictions are part of the APG:

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

*Also members of FATF

Co-Chairs

The APG has two Co-Chairs: Australia, as host of the APG Secretariat, holds one Co-Chair position and the other is rotated every two years. The rotating Co-Chair position is currently held by Indonesia.



Co-Chairs Dr Yunus Husein (2nd from left) and Commissioner Mick Keelty (3rd from left) meet in Sydney

Australian Co-Chair

The Australian Co-Chair position is held by Commissioner Mick Keelty. Commissioner Keelty is Commissioner of the Australian Federal Police and the Chair of the Board of

the Australian Crime Commission (a specialist law enforcement agency established to combat organised crime on a national basis). He was appointed Commissioner of the Australian Federal Police in 2001 and Chair of the Board of the Australian Crime Commission in 2003.

Commissioner Keelty received the Australian Police Medal for distinguished service in 1996. He holds a Master of Public Policy and Administration and a Graduate Certificate in Criminal Justice Education. He is also a graduate of the FBI National Academy and is a Fellow of the Australian Institute of Management. Commissioner Keelty is also the Deputy Chair of the Australian National Council on Drugs.

Indonesian Co-Chair

At the APG's ninth Annual Meeting in Manila (July 2006), it was agreed that Indonesia would assume the rotating Co-Chair position for two years when Japan's term expired.

Dr Yunus Husein (Head of the Indonesian Financial Transaction & Analysis Centre (PPATK)) represents Indonesia as Co-Chair. Dr Husein was appointed as the first Head of PPATK in December 2002 and was confirmed for a second four year term in December 2006. He also serves as Secretary of the Indonesian National Coordination Committee on Money Laundering since January 2004. He holds a Master of Laws (LLM), from the Washington College of Law, American University, Washington DC, and a Doctor of Law, University of Indonesia (2003).

2. APG Annual Meeting 2007

This section reports on the key outcomes of the APG's 2007 Annual Meeting in some detail due to its significance to the APG's work program each year. Further information concerning particular subjects discussed at the Annual Meeting can be found in other sections of this report.



Over 300 delegates attended the 10th Annual Meeting in Perth, Australia

The 10th Annual Meeting of the Asia/Pacific Group on Money Laundering, held in Perth, Australia from 23 to 27 July 2007, continued to build on the successes of past Annual Meetings.

The Meeting was opened by a keynote address from Senator The Hon. David Johnston, Minister for Justice and Customs, Senator for Western Australia, and a 'welcome to country ceremony' conducted by Mr James Web, an indigenous Australian. Welcome remarks were also received from Ms Rachelle Boyle, representing the President of the Financial Action Task Force.

The meeting was co-chaired by Dr Yunus Husein (Indonesia) and Commissioner Mick Keelty (Australia). Over 300 participants were in attendance. This Annual Meeting brought together senior delegates from legal, financial and law enforcement sectors from across the Asia/Pacific region providing opportunities to discuss the continued development and implementation of AML/CFT initiatives to combat the threat of money laundering and terrorist financing in the region.

A major highlight and outcome of the meeting was the admission or welcoming of four new members (Vietnam, Solomon Islands, Lao PDR and Nauru) and the determination of priority observers of the APG. The admission of these four jurisdictions is an important step in regional consolidation of AML/CFT initiatives. Following their admission, the APG membership agreed on a calendar of mutual evaluations over the next three years which includes these new members.

Core outcomes of the APG meeting were the consideration and adoption of six APG mutual evaluation reports. The jurisdictions concerned were:

- Cambodia (World Bank-led);
- Chinese Taipei;
- Macao, China (joint with OGBS);
- Malaysia;
- Mongolia; and
- Thailand (IMF-led).

Also considered were the follow-up reports of previous mutual evaluations as well as each member's Jurisdiction Report which outlined the key policy, technical and statistical information in relation to their AML/CFT systems.

The APG also agreed on a new rule that any FSRB which is admitted to the FATF as an Associate Member is automatically an Observer in the APG. This new rule means that the MENAFATF (Middle East and North Africa regional group) and MONEYVAL (the Committee of Experts on the Evaluation of Anti-Money Laundering Measures) were automatically admitted as APG Observers. They join the Grupo de Acción Financiera de Sudamérica (GAFISUD) and the Caribbean Financial Action Task Force (CFATF) as APG Observers.

Also, the membership agreed to adopt an automatic publication policy for all mutual evaluation reports. From July 2007, all reports will be posted on the APG web site and made available to other FSRBs and the FATF following their adoption. This changes the previous policy which allowed members the discretion to refuse publication and brings the APG into line with the FATF policy and those of other FSRBs.



APG Plenary Proceedings

Other APG business included adoption of the APG's 2006 Typologies Workshop Report and Yearly Typologies Report for 2006–07; consideration of Non-Profit Organisation (NPO) Sector Domestic Reviews Program report on outcomes and further work; and the adoption of the Business Plan for 2007-08 and Budget for the coming year. Other more specific technical items arising from the meeting are commented upon in other sections of this report.

The Co-Chairs, on behalf of all APG members, expressed gratitude to the Australian Government for hosting this successful meeting.

3. Develop and Sustain an Effective Regional Body

This section outlines progress made in achieving Goal 1 of the APG's Strategic Plan 2006-09, which is to ***provide a strong, cohesive and autonomous regional AML/CFT body for APG members and observers, including all strategically important jurisdictions in the Asia/Pacific region.***

There are a number of ways in which the APG seeks to perform this role, including an APG Annual Meeting (see section 2); an annual APG Forum on Technical Assistance and Training (see section 8); a minimum of six mutual evaluations of APG members per year (see section 5); an annual APG Typologies Workshop (see section 6); and targeted APG training events. Each of these activities has been successfully undertaken this year.

In addition, the APG conducts outreach missions to targeted jurisdictions (in particular to Priority Observers to encourage membership) and enhances contact and relationships with strategically important regional and international organisations and jurisdictions to encourage their participation as Observers in the APG. This year the APG conducted outreach missions to the Maldives and to Lao PDR. Other outreach missions are planned for the next year with remaining Priority Observers.

The APG's Business Plan outlines a number of tasks to achieve this strategy, including development of APG Annual Business Plans and annual budgets, timely provision of membership contributions and other resources to the APG Secretariat by members, and effective management of the staff, budget, operation and work of the Secretariat. Resource management issues are dealt with in section 9 of this report.

APG Steering Group

The APG Steering Group provides the Co-Chairs and members with strategic advice on the structure, functioning and support of the APG. The Steering Group includes a representative from each of five sub-regional areas, the current APG Co-Chairs, and the immediate past and nominated future Co-Chair (if known). The five sub-regions are:

- North Asia
- Pacific Islands
- South Asia
- South East Asia
- 'Other'

Steering Group representatives in 2006-07 were: Macao, China (North Asia); Cook Islands (Pacific Islands); Nepal (South Asia); Philippines (South East Asia); and New Zealand (Other).

The Steering Group held three meetings this year including one face-to-face meeting in Perth to discuss strategic issues. The Steering Group's membership for 2007–08 (as agreed at the 2007 Annual Meeting) is:

- Co-Chair: Australia
- Co-Chair: Indonesia
- North Asia: Mongolia
- Pacific Islands: Samoa
- South Asia: Pakistan
- South East Asia: Philippines
- 'Other': Canada

Communications strategy and action plan

The APG Communications Strategy outlines the objectives, stakeholders and primary tools and key activities for all the APG's communications and reflects the principles and objectives of the APG Strategic Plan 2006–09 and the Annual Business Plans. A key component of the APG Communications Strategy is the need to tailor the APG's communication tasks to reflect the challenges and needs of the APG's stakeholders. During 2006–07, the APG newsletter (APG iQ) was published once in March 2007. The Secretariat will endeavour to publish the APG iQ more regularly in the following year.

The APG website has been refined throughout the year, and continues to be an effective communication tool for members, observers, and wider public. Consideration is being given to upgrading the web site to improve its effectiveness. Following a number of cases of international attempts at fraud using details gleaned from the APG website, during early 2007 the APG added the following warning to the Home Page of the APG website:

FRAUD WARNING

Misuse of the APG's name by fraudulent services requesting fees for the verification of the origin of funds

It has been brought to the APG Secretariat's attention that the name of the Asia/Pacific Group on Money Laundering (APG) and, in some cases, the names or titles of APG Secretariat staff are being used for fraudulent purposes. The most common method involves victims being told of fictitious moneys being owed to them by way of a lottery win or an inheritance which will be payable by international transfers of funds. To gain access to these funds, victims are asked by criminals (who fraudulently claim to be from the APG) to pay fees for fictitious services relating to verification of the origin of the funds. The criminals claim that the funds will be blocked if the customer fails to pay the fees. The APG (and indeed any other similar international body) does not provide any such services nor does it request fees or have the power to block any account or issue any 'certificates' for anti-money laundering compliance. In addition, the APG does not maintain any regional office or employees outside its Secretariat in Sydney.

Any approach using the APG's name in relation to payment of fees or release of funds is fraudulent and should be reported to law enforcement authorities in the recipient's home jurisdiction.

Attendance at meetings, conferences and seminars in 2006 – 07

APG Secretariat staff and APG member representatives made a number of important contributions in conferences, seminars and meetings over the period under review (as part of the APG Communications Strategy), including:

FATF-related activities	APG activities	Other
<ul style="list-style-type: none"> • <u>FATF Assessor Training</u> <ul style="list-style-type: none"> (1) 4–8 Aug 06 (2) 16–20 Oct 06 (2) 15–19 Jan 07 • <u>Plenary meetings</u> <ul style="list-style-type: none"> (1) 9–13 Oct 06 (2) 16–25 Feb 07 (3) 25–29 Jun 07 • FATF/EAG Typologies, 28–30 Nov 06 • <u>FATF Working Group meetings</u> <ul style="list-style-type: none"> (1) 11–12 Jan 07 (ICRG) (2) 2–3 May 07 (WGTM) • <u>Private Sector meetings</u> <ul style="list-style-type: none"> (1) 7–8 Nov 06 	<ul style="list-style-type: none"> • <u>Typologies Workshop</u> <ul style="list-style-type: none"> (1) 14–17 Nov 06 • <u>High Level Missions</u> <ul style="list-style-type: none"> (1) Lao PDR, 20–21 Jun 07 (2) Pakistan, 2–3 Jul 07 • <u>Outreach Missions</u> <ul style="list-style-type: none"> (1) Maldives, 27–31 Jan 07 • <u>Training</u> <ul style="list-style-type: none"> (1) World Bank Trainers workshop, 30 Apr–4 May 07 (2) AML/CFT Capacity Enhancement Program, 7–11 Apr 07 	<ul style="list-style-type: none"> • Asia/Pacific Customs Seminar, 10–16 Aug 06 • SEARCCT TF Workshop, 27 Nov–1 Dec 06 • CommSec Training, 22–26 Jan 07 • UNODC Financial Crime Congress, 17–20 Apr 07 • APEC TF Typologies Workshop, 11–14 Apr 07 • Egmont Plenary, 28 May– 1 Jun 07

4. Actively participate in, and co-operate with, the global AML/CFT network

This section reports on progress made to achieve the APG's Strategic Plan Goal 2: to ***actively participate in, and co-operate with, the global AML/CFT network, including the Financial Action Task Force on Money Laundering (FATF), other FATF-style regional bodies and relevant international and regional organisations.***

Strategies to achieve this goal include maintaining the APG's Associate Membership in the FATF, providing advice to APG members and observers and continuing to develop and enhance APG mechanisms for working with the FATF, other FATF-style regional bodies and strategically important regional and international organisations and jurisdictions.

As noted in Section 3, the APG was represented in a wide range of AML/CFT workshops, seminars and conferences. Many of these events provided an excellent opportunity to promote the work of the APG to a wider audience; to encourage jurisdictions to consider becoming APG members; to improve working relationships; to provide technical assistance; and to generally support the APG's mission.

During 2006-07, the APG participated as a FATF Associate Member in FATF plenaries, workshops and working groups and strengthened working relationships with relevant multilateral bodies including the ASEAN Secretariat, the APEC Business Advisory Council, the European Commission, PIFS, the IMF, World Bank, UNODC, ADB, Commonwealth Secretariat, Egmont Group, the ADB/OECD Anti-corruption Initiative for Asia/Pacific, Interpol, World Customs Organization (WCO), and the OCO.



Executive Secretary with Indian delegation
FATF Plenary Strasbourg, France (February 2007)

We also took steps to become observers in the other FSRBs, and the APG formed part of the FATF Membership Contact Groups for India and Korea to assist those APG members to achieve membership status in the FATF.

5. Ensuring compliance with global standards

This section briefly reports on progress made to achieve Goal 3 of the Strategic Plan, which is to ***assess APG members' compliance with the global standards against money laundering and the financing of terrorism.***

There are a number of ways in which the APG seeks to achieve this goal, including and most importantly through ensuring that a minimum of six APG members are assessed each year, either through an APG Mutual Evaluation/joint evaluation or an IMF/World Bank-led assessment.

Mutual Evaluations

Mutual evaluations remain a core activity of the APG's work program and a primary membership requirement. The mutual evaluation process is designed to give recognition to members who meet the global standards and to identify weaknesses and make appropriate recommendations to improve weaknesses.

The APG began its first round of evaluations in March 2000 and completed it with the adoption of six reports at the APG's 2005 Annual Meeting in Cairns, Australia. Members also agreed to commence a second round of mutual evaluations (using the FATF's 2004 methodology) immediately following the APG's 2005 Annual Meeting. All new evaluations from that date would be part of the second round of mutual evaluations.

Evaluations conducted in 2006-2007

Six APG jurisdictions were assessed or evaluated in 2006-2007 either jointly or by the APG alone, namely: Cambodia; Chinese Taipei; Macao, China; Malaysia; Mongolia; and Thailand. Canada's on-site visit occurred in March 2007 but the report will not be finalised until the next APG year. All reports were considered and adopted by the APG at its annual meeting in Perth with the exception of Canada's.



The APG Mutual Evaluation team meets with a member of the Mongolian Parliament and Mongolian officials. The APG team included experts from Australia; Hong Kong, China; Korea; Japan and the APG Secretariat.

Experts from the following jurisdictions contributed to the APG's mutual evaluations this year: Australia; Canada; the Cook Islands; Fiji; Hong Kong, China; India; Indonesia; Japan; Macao, China; Malaysia; Mauritius; New Zealand; Pakistan; Portugal; Singapore; South Africa; United Kingdom; and the United States.

Each of the mutual evaluation reports adopted at the 2007 Annual Meeting has been published and can be found on the APG's website (see cover page inset for address details).



The APG mutual evaluation team meets with Chinese Taipei government officials. The APG team included experts from New Zealand, Korea, Fiji and the Cook Islands and the APG Secretariat

Previous mutual evaluations – update on response to reports adopted at previous Annual Meetings

The agenda for the 2007 Annual Meeting set aside more time for consideration of jurisdictions' progress reports against previous mutual evaluations. The process was

enhanced by ensuring intervener jurisdictions prepared relevant questions on core issues and concerns arising from each member's report.



Plenary proceedings during consideration of Members' Jurisdiction Reports

The process was made all the more successful by the cooperation of all members in providing probing questions, and answers.

This procedure proved very informative and helpful for all APG members. Further meetings will adopt the same process to better probe and elicit relevant information from each member on the progress they make against the international AML/CFT standards

Schedule of future mutual evaluations

A full program of mutual evaluations is planned for 2007 – 08, with evaluations planned for Singapore (with FATF), Indonesia, Myanmar, Hong Kong, China (with FATF), Pakistan (with the World Bank), Palau (IMF assessment) and Japan (with FATF). This continues the APG's ambitious 2nd round of mutual evaluations. Assessor training courses during the year have produced a much needed pool of qualified assessors in all fields necessary for evaluations (legal, regulatory and law enforcement)

A copy of the schedule of mutual evaluations for both the APG's first and second round is attached as **Annex D**.

6. Understanding the effectiveness of AML/CFT efforts in the money laundering and financing of terrorism environment

Strategic Goal 4 requires that the APG ***carry out education, research and analysis activities to enhance the understanding of the money laundering and financing of terrorism environment and the effectiveness of the AML/CFT efforts.***

Key strategies to achieve this goal include maintaining and enhancing the APG's typologies program and conducting the annual APG Typologies Workshop. The APG also cooperates with global typologies partners, including the private sector and the FATF. A joint FATF/APG Typologies Workshop is currently being planned for Bangkok in November 2007 (see next heading).

Typologies work involves the study of methods and trends of money laundering and terrorist financing. Since its commencement, the APG has undertaken typologies work in order to better understand the nature, extent and impact of money laundering and terrorist financing as well as the practical effect of AML/CFT measures.

The APG Typologies Framework (2003) provides an operating framework to collect, analyse and disseminate information on money laundering and terrorist financing trends in the region. The APG Typologies Working Group was established in late 2003 as part of the Typologies Framework to undertake in-depth studies of money laundering and terrorism financing methods and trends. The Working Group is chaired by New Zealand. The APG Typologies Workshop 2006, described below, focused on priority and emerging issues.

In December 2006, the APG participated in the joint FATF/EAG Typologies Meeting in Shanghai which examined a number of emerging typologies, including VAT carousel fraud. Detailed outcomes from this meeting are available at www.fatf-gafi.org.

2006 Typologies Workshop

Indonesia hosted the APG Typologies Workshop in Jakarta from 14-15 November 2006. It was attended by over 200 participants, representing 34 jurisdictions and nine international and regional organisations.

The workshop focused on the following:

- casinos sector;

- real estate sector;
- illegal logging; and
- ARS (e.g. hawala)

The World Bank and APG jointly held a one day Special Seminar in conjunction with the Workshop on illegal logging and money laundering issues which was attended by both government and non-governmental organisations to consider further issues for applying AML/CFT measures to combat the proceeds from illegal logging across the region. Tackling money laundering from illegal logging is a priority for a large number of jurisdictions in the Asia/Pacific region.



APG Co-Chair, Dr Yunus Husein, at Jakarta Workshop with Helen Newell of the Secretariat (2nd from left) and Workshop assistants

APG Typologies Working Group

The APG Typologies Working Group conducts a series of in-depth studies on particular typology topics and supports a network of typology experts. The APG Typologies Working Group currently consists of New Zealand (outgoing Chair); Australia; Canada; Chinese Taipei ; Cook Islands; Fiji; Hong Kong,China; India; Indonesia; Japan; Korea; Malaysia; Pakistan; Palau; Philippines; Thailand; United States; ADB; IMF; and the World Bank.

The Annual Typologies Report 2006-07 provides an overview of methods and trends of money laundering and terrorist financing in the APG region. The report includes case studies of a broad range of methods and trends as well as detailed information on vulnerabilities in the casino and gaming sector, money laundering associated with illegal logging/illicit resource extraction, and real estate sector money laundering and terrorist financing vulnerabilities. The Report will be distributed widely to APG stakeholders in particular to law enforcement and the financial sector. A copy of the Report will be available on the APG website at: <http://www.apgml.org>.

The 2007 joint FATF/APG Typologies Workshop will be held in Bangkok, Thailand from 28 to 30 November 2007. Key topics will include further work on vulnerabilities in gaming and casinos sector, weapons of mass destruction/proliferation financing, and money laundering and terrorist financing vulnerabilities of on-line commercial sites.

7. Achieve full implementation of the global AML/CFT standards in APG member jurisdictions

This section reports on progress made in achieving Goal 5 of the Strategic Plan, which requires ***APG members to implement the global AML/CFT standards through implementation planning and the provision of guidance.***

A number of strategies have been developed to achieve this goal and they include supporting and promoting APG Working Groups and Project Groups to explore and address specific AML/CFT implementation issues in depth as well as providing targeted and wider regional advice to assist members to develop AML/CFT implementation plans to better reflect the priorities of individual jurisdictions and the region. Additional strategies include best practice guidance and advice to raise awareness of, and assist with, the implementation and integration of the AML/CFT global standards with the existing legal, financial and law enforcement systems of each jurisdiction.

During the past year, Australia, the United States and PIFS provided sponsorship funds to the APG in order to support member and observer delegations to participate in the 2006 and 2007 APG Annual Meetings and the 2006 Typologies Workshop.

Sponsorship funds were also provided by the IMF to support APG members' participation in the APG Mutual Evaluation Training Workshop to be held in August 2007.

APG Implementation Issues Working Group

The APG Strategic Plan provides a mandate for establishing an integrated approach to addressing implementation issues, including the establishment of an APG Implementation Issues Working Group (IIWG).

The IIWG Co-Chair, Ms Woon Hooi Shyen, Deputy Director, Financial Intelligence Unit, Bank Negara Malaysia continued to provide leadership to the work of the group during the year, including working with the APG Secretariat to identify candidates for the vacant Co-Chair position. Police Col. Seehanat Prayoonrat from Thailand vacated the IIWG Co-Chair position in the second half of 2006 after being Co-Chair since the IIWG's inception. His contribution to the work of the IIWG is greatly appreciated by the APG.

Some of the work undertaken by the IIWG over the last year included a desk review of lessons learned from the Nepal Pilot project and the further development of the Implementation Library. The aim was to identify new approaches or initiatives, if appropriate, consistent with the revised Terms of Reference to take the IIWG forward. Additionally two projects were proposed and subsequently endorsed by the IIWG and the membership in Perth (July 2007):

- Strategic Implementation Planning Framework (SIPF); and
- Implementation Library for Consolidation of Lessons Learnt.

The SIPF (to be conducted jointly with the World Bank) will develop a model framework for use by "low capacity countries" to generate an implementation plan in response to recommendations in their Mutual Evaluation Reports for the development of their AML/CFT regime. It will be piloted in a regional workshop in 2008. Malaysia has offered to host the regional pilot.

The second project will build on work already undertaken on the existing implementation library. The plan is to collect, collate and catalogue implementation lesson materials (by individual FATF Recommendation) shared at either APG Annual Technical Seminars, TA&T events or other fora in which members are willing to agree for such information to be further disseminated via the APG implementation library.

8. Technical Assistance and Training

This section reports on progress made against Goal 6 of the Strategic Plan, which is to ***support and expand the APG's technical assistance and training program in order to assist members to achieve the APG's mission***

Strategies developed to achieve this goal include supporting the development of an AML/CFT coordination mechanism in each APG member jurisdiction; conducting and supporting technical assistance and training needs analyses in targeted members and observers; and developing and sustaining regional and in-country mechanisms to support the identification of technical assistance and training needs as well as the delivery of assistance. Other strategies include building on our close cooperation with global partners to address specific issues and supporting the role of private sector technical assistance and training delivery.

The TA&T function has assisted both with helping members and observers and in coordinating work in a manner designed to maximise the benefits and resources. During 2006 – 07 the APG Annual Forum on TA&T, APG DAP Group events, TA&T missions to APG member and observer jurisdictions, and participation in conferences, workshops and training sessions throughout the year, helped to achieve our goals.

2007 APG Annual Forum on Technical Assistance and Training

The 2007 Annual Forum on Technical Assistance and Training (TA&T) was held in July conjunction with the 2007 Annual Meeting and consisted of several sessions:

- an initial meeting of the APG's DAP Group to discuss TA&T coordination issues, including information sharing and priorities;
- a series of individual meetings between priority jurisdictions and interested donors and providers held throughout the week of the Annual Forum on Technical Assistance and Training to discuss TA&T priorities and to assist the coordinated requesting and delivery of assistance. Nineteen individual meetings were held with APG member and observer jurisdictions. Participating donors and providers in the individual meetings included the Asian Development Bank, ASEAN, Australia, Canada, IMF, Malaysia, Pacific Anti Money Laundering project, UN Office on Drugs and Crime, United Kingdom, United States and World Bank;
- two regional group meetings: (1) for the Pacific, under the auspices of Cooperation Agreement on Anti-Money Laundering and Terrorist Financing Technical Assistance and Training Initiatives and (2) for the South East Asia region and Mongolia via the ASEAN-APG Cooperation Agreement; and
- two technical seminars (1) Implementation of SR III – Freezing and Confiscating Terrorist Assets; and (2) FIU Systems – UNODC GoAML.

In order to support the coordinated delivery of assistance, an updated version of the Asia/Pacific Jurisdictions AML/CFT TA&T Needs matrix was issued in the period prior to the Forum. All participating jurisdictions and DAP Group members have undertaken to provide further updates to identify outstanding TA&T needs and to identify those areas where needs are being, or have been met.

Very positive feedback was received on the value of the 2007 Forum and particularly the coordination function. Individual meetings where donors were able to make significant progress toward identifying needs and coordinating the delivery of assistance to a number of priority jurisdictions was well received.

Other highlights

Two outreach missions were conducted during the year:

- the first to the Maldives (with US Treasury Office of Technical Assistance); and
- the second to Lao PDR, led by the Indonesian Co-Chair and undertaken with representatives from Cambodia, Indonesia and Malaysia. This high-level mission included a joint-agency seminar on establishing a national coordination mechanism.



APG High Level delegation meet with Lao PDR Officials

Technical assistance and training sessions were also designed and delivered during the year to certain APG members and observer jurisdictions in collaboration with various APG DAP Group members including a training seminar for regulatory agencies on 'Alternative remittance systems - AML/CFT risks and regulation'. Ten ASEAN jurisdictions, plus Mongolia and nine priority jurisdictions (Afghanistan, Pakistan, India, Bhutan,

Nepal, Bangladesh, Sri Lanka, Maldives and Palestine (observer)) were included. Training was coordinated by AUSTAC and the World Bank (as 'Capacity Enhancement Training').

Sponsoring agencies and governments included: Asian Development Bank, Australia, the Commonwealth Secretariat, US Justice Office Overseas Prosecutorial Development Assistance and Training, Oceania Customs Organisation, Pacific Anti Money-Laundering Program, Pacific Island Forum Secretariat, World Customs Organisation, UK Charities Commission, UK Foreign Commonwealth Office Counter Terrorism, UN Office of Drug and Crime, US Immigration and Customs Enforcement, US Treasury Office of Technical Assistance, and the World Bank.

During the year the APG also took advantage of its FATF Associate Member status and provided policy and technical advice to the FATF Working Group on Evaluations and Implementation. Advice included the need to integrate and coordinate TA&T processes and mutual evaluation processes to assist with effective risk and threat assessment; the preparation and planning for effective and efficient mutual evaluations; and the preparation of mutual evaluation reports (MERs).

Assistance from the Canadian Department of Foreign Affairs and International Trade and the Commonwealth Secretariat

From July 2006 to September 2007 the Commonwealth Secretariat continued to support a full-time technical assistance and training function located within the APG Secretariat with approximately AUD\$60,000 in 2006–07. In October 2006 the Department of Foreign Affairs and International Trade (DFAIT) in Canada generously provided funding to continue this program following the expiry of the Commonwealth Secretariat's funding.

9. Support services and financial statements

APG Secretariat

The APG Secretariat is based in Sydney, Australia and is hosted by the Australian Government through the Australian Federal Police.



Marnie Campbell and Jennifer Ford

As at 30 June 2007, the staffing of the Secretariat was as follows:

Gordon Hook	Executive Secretary
Ian Knight	Deputy Secretary (re-assumed by Eliot Kennedy 15 July 07)
Marnie Campbell	Executive Assistant
David Shannon	Principal Executive Officer
Lindsay Chan	Executive Officer
Helen Newell	Project Officer, Business Support and Events
Jennifer Ford	Project Officer, Technical Assistance and Training
[Vacant]	Manager, Technical Assistance and Training
[Vacant]	Administrative Assistant

The Secretariat is in the process of recruiting for both vacant positions.

Secretariat Responsibilities

The primary responsibilities of the APG Secretariat include:

- acting as a centre of APG activities
- supporting the APG Co-Chairs and the APG Steering Group;
- coordinating and leading APG mutual evaluations of members and participating in other AML/CFT evaluations including with the FATF, World Bank, IMF and OGBS on a joint basis
- implementing the APG's technical assistance and training strategy including coordination of technical assistance and training delivery;
- organising and conducting the APG's annual meetings and workshops;
- preparing, conducting and chairing specialist typologies workshops (on methods, trends and case studies on money laundering and terrorist financing);
- supporting the work of APG Working Groups (currently, the APG Typologies Working Group and the APG Implementation Issues Working Group);
- reporting to and advising the FATF on the work of the APG, and participating in FATF Working Groups;
- providing advice and information to and linkages between agencies (especially financial, legal and law enforcement agencies) on AML/CFT matters;
- providing expertise and material concerning money laundering and terrorist financing to members and other interested parties;
- establishing and maintaining effective working relationships with relevant international and regional organisations in order to advance the APG's work and its regional strategy;
- arranging and conducting 'outreach' missions to members and potential members of the APG;
- preparing assessment mechanisms and conducting evaluations of the AML/CFT systems in jurisdictions in the Asia/Pacific region.

Secretariat Contact Details

Secretariat contact details are as follows:

Location:

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Sydney, New South Wales 2000
AUSTRALIA

Telephone: +61 2 9286 4383

Facsimile: +61 2 9286 4393

Email: mail@apgml.org

Website: www.apgml.org

Postal:

Locked Bag A3000,
Sydney South, New South Wales 1232
AUSTRALIA

Budget and Financial Statements

A 'core' budget for 2007–08 of AU\$1,299,000 was approved and adopted at the 2007 Annual Meeting. Contributions required from members to meet that budget were calculated using the APG funding formula that calculates contributions using an 80/20 combination of GDP and GDP per capita and requires a minimum contribution of AU\$5,532. Members noted at the Annual Meeting that the core budget would partially recognise the self funding of the Manager, Technical Assistance and Training (formerly a consultant position), and that this would require additional funding beyond 2007. In addition, the core budget would not of itself enable the APG to fully meet the work detailed in the 2007-2008 Business Plan. Members agreed that voluntary contributions, continued use of accumulated assets and various streams of 'non-core budget' funding should be made available in 2007–08 to meet the full costs of the APG work program.

Summary of budget outcomes for 2006 – 07

The budget outcomes for the period 1 July 2006 to 30 June 2007, based on audited financial reports provided to the APG Secretariat by its Australian 'host' agency (the Australian Federal Police), are as follows:

- the APG commenced the financial 2006–07 year with net assets of AU\$322,859;
- total income for the was AU\$1,764,600, with approximately AU\$1,311,686 coming from APG members in required contributions, arrears and voluntary contributions, and AU\$452,914 in other revenue and gains;
- total expenditure for the year to 30 June 2007 from all revenue sources was AU\$1,882,566, including expenditure against the core budget, 'reserved' expenditure, and in expenditure from other revenue sources (sponsorship and other funding support);
- the APG's net operating result for 2006 – 07 was an operating loss on AU\$117,966;
- the APG had assets of AU\$204,893 as at 30 June 2007.

A copy of the financial statements for 2006-07 is at **Annex C**.

External support

The following agencies supported the work of the APG during 2006-07 and their considerable support is acknowledged:

- the Australian Agency for International Development (AusAID): sponsorship of AU\$570,000 over three years, including AU\$111,706 in 2006 – 07, in sponsorship funding for the 2006 APG Typologies Workshop and the 2007 APG Annual Meeting, the APG's Implementation Issues Working Group and the joint APG/FATF AML-Anti-corruption Project Group;
- Australian Government (AU\$180,000) and New Zealand Government (AU\$25,000) voluntary donations;
- Australian Federal Police, Australian Government (AU\$138,025): provision of accommodation and support services to the APG Secretariat; and

- Canada (AU\$232,988) – preceded by initial funding for three months from the Commonwealth Secretariat (AU\$60,000): engagement of a full-time technical assistance and training consultant and associated costs.

10. Future directions and priorities

As noted above, APG members have adopted a revised APG Strategic Plan July 2006-June 2009 which is providing a firm and clear basis for the APG's work over the next two years. APG members have also previously agreed to extend the APG's mandate to the end of 2012, which provides greater certainty for planning purposes over the medium term.

The APG Annual Business Plan 2007–08 outlines the APG's work program in detail for next year. The key tasks for the 2007–08 year will include:

- the APG Annual Meeting and Annual Forum on Technical Assistance & Training in mid-2008;
- a joint APG/FATF Typologies Meeting in Bangkok, Thailand, November 2007;
- 35 newly trained APG assessors at the APG Mutual Evaluation Training Workshop in August 2007;
- at least six APG Mutual Evaluations (and/or joint FATF/APG Mutual Evaluations and/or IMF/World Bank Assessments) in accordance with the APG's Second Round Mutual Evaluation Schedule;
- up to three outreach missions to members and observers to facilitate full and active membership and promote commitment to implement the global AML/CFT standards. These missions may include TA&T needs assessments and awareness-raising assistance;
- the APG Implementation Issues Working Group (IIWG) will provide practical assistance to members in implementing the FATF 40 + 9 Recommendations by assisting evaluated jurisdictions to develop sustainable strategies to meet Mutual Evaluation Report recommendations.
- the IIWG will continue to develop an implementation resource library but with an enhanced focus on capturing lessons learnt from APG member's implementation experience;
- the IIWG and the World Bank will jointly develop a course on Strategic Implementation, which will be piloted in the first half of 2008;
- the APG will support the Typologies Framework for collection, analysis and dissemination of typologies information and encourage close collaboration with the FATF Typologies Working Group;
- the APG Typologies Working Group will undertake collection of typologies information and in-depth studies of methods and trends of money laundering and the financing of terrorism;
- the APG will continue to study the links between AML/CFT and anti-corruption efforts through its involvement in the joint FATF/APG Anti-corruption/AML Issues Project Group and other regional initiatives in order to develop guidance for APG members;
- an APG DAP Group meeting; two COAMLI (Coordinating Office for the Pacific Anti-Money Laundering Initiative); and up to two ASEAN COAG (Coordination Agreement) meetings will be held;
- the APG Secretariat will work to establish a TA&T coordination mechanism with the South Asian Association for Regional Cooperation (SAARC) Secretariat and

continue to support and enhance existing mechanisms with the Pacific Island Forum Secretariat and the ASEAN Secretariat;

- the APG will provide priority support to develop TA&T coordination mechanisms, and follow-up assistance, to Afghanistan, Bangladesh, Cambodia, Sri Lanka, Mongolia, Myanmar, Tonga, Vietnam and to Thailand, the Philippines and Indonesia to sustain their existing coordination processes;
- the APG Secretariat will collaborate with DAP Group members to develop, coordinate and deliver CFT-specific programs in accordance with regional priorities; and
- a number of regionally-specific AML/CFT TA&T projects will be developed and delivered in collaboration with various DAP Group members (computer-based training, manuals and guidelines, training programs for legal/financial and law enforcement sectors).

This is not an exhaustive list of activities planned for 2007/08 but represents the core activities needed to meet our business objectives. Other activities include looking at ways to strengthen our relationship with other AML/CFT-oriented organisations such as the Egmont Group, the IMF, the World Bank and the Asian Development Bank.

ANNEXES

ANNEX A: APG STRATEGIC PLAN

APG Strategic Plan 1 July 2006 – 30 June 2009 (As Amended 23 July 2007)

Background

This is the third Strategic Plan for the APG. It builds on and replaces the APG Strategic Plan 2003 – 2006.

This document sets out the broad strategic direction of the APG for period 1 July 2006 to 30 June 2009. The Strategic Plan 2006 – 2009 will be complemented by yearly APG Business Plans which will set out in detail the APG priorities for each year and will include specific tasks and performance measures.

The APG has matured as an organisation since the previous Strategic Plan was devised, which is reflected in APG members' agreement in 2004 to extend the APG's mandate to the end of 2012.

Significant factors in the APG's operating environment that have occurred include: the revision by the FATF in 2003 of the Forty Recommendations and the development of the 2004 Assessment Methodology to assess compliance with the revised and expanded standards and the further maturing of the global network to combat money laundering and terrorist financing (AML/CFT), including the acceptance of the APG as a FATF associate member in 2006. This membership provides an avenue for non-FATF APG members to participate in the FATF's global AML/CFT standard setting process.

As well as reflecting the various changes that have occurred in recent years both globally and in the Asia/Pacific region, the new Strategic Plan also more succinctly articulates the APG's vision, mission, goals and strategies.

The Strategic Plan does not seek to differentiate between the responsibilities of the APG members and those of the APG Secretariat. Such details will be articulated in the Annual Business Plans in the context of the specific tasks that arise from the goals and strategies identified in the Strategic Plan.

Plan format

This plan has four components:

- **Vision** - a statement for the APG, which sets out the overall concept of the APG's contribution;
- **Mission** - a statement for the APG, which sets out the strategic outcome which the APG is seeking to achieve;
- **Goals** - the APG's goals state what the APG will do to achieve its Mission over the next three years; and
- **Strategies** - the activities the APG will pursue to achieve its Goals.

Vision

An active APG contributing to a reduction in the economic and social impacts of serious crime in the Asia/Pacific region.

Mission

To combat money laundering and the financing of terrorism in the Asia/Pacific region through effective participation in the FATF's standard-setting process and full and effective implementation of those standards in APG member jurisdictions.

Goals

To achieve the APG's Mission, the APG will:

1. Provide a strong, cohesive and autonomous regional AML/CFT body for APG members and observers, including all strategically important jurisdictions in the Asia/Pacific region.
2. Actively participate in, and co-operate with, the global AML/CFT network, including the Financial Action Task Force on Money Laundering (FATF), other
3. Assess APG members' compliance with the global AML/CFT standards.
4. Carry out education, research and analysis activities to enhance understanding of the money laundering and financing of terrorism environments and the effectiveness of AML/CFT efforts.
5. Provide assistance to APG members to implement the global AML/CFT standards through implementation planning and the provision of guidance.
6. Support and expand the APG's technical assistance and training program in order to assist members to achieve the APG's mission.

Goal 1	Strategies
<p><i>Provide a strong, cohesive and autonomous regional AML/CFT body for APG members and observers, including all strategically important jurisdictions in the Asia/Pacific region.</i></p>	<p>Conduct, support and participate in: (i) an APG Annual Meeting; (ii) an annual APG Forum on Technical Assistance and Training; (iii) a minimum of six APG Mutual Evaluations/joint evaluations and/or IMF/World Bank assessments of APG members per year; (iv) an annual APG Typologies Workshop; and (v) targeted APG training activities.</p> <p>Support and resource the APG Secretariat in order to provide an effective focal point for regional AML/CFT activities; and for liaison between APG members and observers and the FATF and other regional and international organisations.</p> <p>Support the APG Steering Group, including maintaining representation from sub-regional areas of the APG, in order to strengthen the APG's decision making processes and provide advice to the Co-Chairs and the members.</p> <p>Enhance the level of active participation by APG members in the APG's work program.</p>

	<p>Conduct outreach missions to targeted jurisdictions to encourage full membership of, and participation in, the APG.</p> <p>Enhance contact and relationships with strategically important regional and international organisations and jurisdictions to encourage their participation as observers in the APG.</p>
--	---

Goal 2	Strategies
<p><i>Actively participate in, and co-operate with, the global AML/CFT network, including the FATF, other FATF-style regional bodies and relevant international and regional organisations.</i></p>	<p>Maintain the APG's Associate Membership of the FATF and participate in global standard setting activities, including ensuring APG representation at all FATF Plenary, Typologies and Working Group meetings.</p> <p>Provide AML/CFT policy, implementation and assessment advice to APG member and observer jurisdictions and, based on the Asia/Pacific experience, back to the FATF and other international organisations.</p> <p>Continue to develop and enhance APG mechanisms for working with the FATF, other FATF-style regional bodies and strategically important regional and international organisations and jurisdictions.</p>

Goal 3	Strategies
<p><i>Assess APG members' compliance with the global standards against money laundering and the financing of terrorism.</i></p>	<p>Ensure that a minimum of six APG members are assessed each year, either through an APG Mutual Evaluation/joint evaluation or an IMF/World Bank assessment.</p> <p>Provide training in the international AML/CFT standards and Assessment Methodology for APG evaluators.</p> <p>Provide preparation support and, where necessary, training in the global AML/CFT standards and Assessment Methodology for APG jurisdictions undergoing evaluation.</p> <p>Contribute to the development and review of the standard AML/CFT Assessment Methodology and update the APG Mutual Evaluation</p>

	<p>Procedures as required.</p> <p>Enhance mechanisms to review and maintain the quality and consistency of APG mutual evaluation reports.</p> <p>Enhance mechanisms to monitor action taken by evaluated APG members in response to their mutual evaluation reports.</p>
--	--

Goal 4	Strategies
<p><i>Carry out education, research and analysis activities to enhance the understanding of the money laundering and financing of terrorism environment and the effectiveness of the AML/CFT efforts.</i></p>	<p>Maintain and enhance the APG's program of collection, analysis and dissemination of typologies information to identify and analyse priority AML/CFT typologies issues, case studies and jurisdictional risks.</p> <p>Conduct an annual APG Typologies Workshop to identify and explore key AML/CFT typologies issues in the Asia/Pacific region.</p> <p>Support and promote the work of APG Working Groups to explore and address specific AML/CFT typologies issues in depth.</p> <p>Cooperate with global typologies partners, including the private sector, and contribute directly to joint typologies work by participating in FATF typologies activities.</p> <p>Cooperate with global research partners, including the private sector, to address specific AML/CFT-related research issues.</p> <p>Support and provide education and information exchange programs to share the findings on identified key typologies and research issues.</p>

Goal 5	Strategies
<p><i>Provide assistance to APG members to implement the global AML/CFT standards through implementation planning and the provision of guidance.</i></p>	<p>Support and promote the work of APG Working Groups and Project Groups to explore and address specific AML/CFT implementation issues in depth.</p> <p>Provide in-country, and regional, advice to assist APG members to develop AML/CFT implementation plans that reflect the priorities of individual member jurisdictions and the Asia/Pacific region.</p> <p>Provide best practice guidance and advice to raise awareness of and assist with the implementation and integration of the AML/CFT global standards with the</p>

	<p>existing legal, financial and law enforcement systems of each jurisdiction.</p> <p>Develop readily available and comprehensive information resources to assist APG members with AML/CFT implementation.</p>
--	--

Goal 6	Strategies
<p><i>Support and expand the APG's technical assistance and training program in order to assist members to achieve the APG's mission</i></p>	<p>Support the development of an AML/CFT coordination mechanism in each APG member jurisdiction.</p> <p>Conduct and support technical assistance and training needs analyses in targeted APG member and observer jurisdictions.</p> <p>Develop and sustain APG regional and in-country mechanisms to support the identification of APG member and observer AML/CFT technical assistance and training needs and the coordinated delivery of assistance.</p> <p>Provide, in cooperation with APG partners, technical assistance and training to assist implementation and promote integration of the AML/CFT global standards with the existing legal, financial and law enforcement systems of each jurisdiction.</p> <p>Cooperate with global partners to address specific AML/CFT-related technical assistance and training issues.</p> <p>Recognise, and support, the role of the private sector in AML/CFT technical assistance and training.</p>

ANNEX B: APG TERMS OF REFERENCE¹

As amended by the APG Annual Meeting, July 2006

RECOGNISING IN BANGKOK ON 27 FEBRUARY 1997 THAT

- Money laundering is a significant international issue which requires global action;
- The Asia/Pacific region needs to address this issue as part of the global response;
- The capacity of individual jurisdictions to deal with the issue is limited because of its nature, complexity and international scope;
- Close co-operation between jurisdictions is necessary and much can be gained by increasing understanding of the problem and its solutions;
- There are accepted international standards (the Financial Action Task Force's 40 Recommendations) but the best way to apply the standards within the region needs to be reviewed;
- There is an increasing risk of vulnerability to money laundering in the Asia/Pacific region as other regions introduce anti-money laundering measures; and
- A plan of action should be developed to address regional co-operation, the adoption of standards and to provide assistance to jurisdictions in tackling the problem,

JURISDICTIONS ESTABLISHED THE ASIA/PACIFIC GROUP ON MONEY LAUNDERING.

NOTING THAT

The Working Party, established by the APG met in Beijing 7-9 July 1997 and agreed that:

The 40 Recommendations are the guiding principles for action for the creation of an effective anti-money laundering framework. Member jurisdictions will implement the 40 Recommendations according to their particular cultural values and constitutional frameworks thus allowing them a measure of flexibility rather than prescribing every detail.

RECOGNISING THAT

- The United Nations Security Council has adopted a number of Resolutions dealing with terrorist financing; and

¹ The Asia/Pacific Group on Money Laundering (APG) was established at a meeting held in Bangkok, 25–27 February 1997. Terms of Reference for the APG were agreed and adopted at that meeting. The Terms of Reference have been revised and approved at each of the APG's annual meetings – Tokyo, March 1998, Manila, August 1999, Sydney, June 2000, Kuala Lumpur, May 2001 and Brisbane, June 2002.

- The Financial Action Task Force on Money Laundering has adopted Eight Special Recommendations on Terrorist Financing; and

NOTING THAT

- APG member jurisdictions adopted a new APG Strategic Plan 2001 – 2004 which included a commitment to combat terrorist financing

THE ASIA/PACIFIC GROUP ON MONEY LAUNDERING AGREED IN JUNE 2002 THAT

- All member jurisdictions will implement in accordance with their own constitutional arrangements the United Nations Security Council Resolutions dealing with terrorist financing; and
- All member jurisdictions will implement in accordance with their own constitutional arrangements the Eight FATF Special Recommendations on Terrorist Financing.

NOTING THAT

- On 22 October 2004, the Financial Action Task Force on Money Laundering adopted a Ninth Special Recommendation in relation to cash couriers;
- APG member jurisdictions have been assessed against this Special Recommendation since early 2006 as part of APG mutual evaluations; and
- APG member jurisdictions are implementing Special Recommendation IX in accordance with their own constitutional arrangements

THE ASIA/PACIFIC GROUP ON MONEY LAUNDERING AGREED IN JULY 2006 TO FORMALLY ENDORSE FATF SPECIAL RECOMMENDATION IX.**Purpose**

The APG:

1. Provides a focus for co-operative anti-money laundering and anti-terrorist financing efforts in the region;
2. Provides a forum in which:
 - (a) regional issues can be discussed and experiences shared,
 - (b) operational co-operation among member jurisdictions is encouraged;
3. Facilitates the adoption and implementation by member jurisdictions of internationally accepted anti-money laundering and anti-terrorist financing measures;
4. Enables regional and jurisdictional factors to be taken into account in the implementation of international anti-money laundering and anti-terrorist financing measures;
5. Encourages jurisdictions to implement anti-money laundering and anti-terrorist financing initiatives including more effective mutual legal assistance; and

6. Co-ordinates and provides practical support, where possible, to member and observer jurisdictions in the region which request it.

Nature

The APG is voluntary and co-operative in nature. The APG is established by agreement among its members and is autonomous. It does not derive from an international treaty. It is not part of any international organisation. However, it will need to keep itself informed of action taken or formal agreements made by relevant international and regional organisations or bodies in order to promote a consistent global response to money laundering and terrorist financing.

The work to be done by the APG and its procedures will be decided by consensus agreement among its members.

Membership

Membership of the APG is open to any jurisdiction within the Asia/Pacific region which:

1. Recognises the need for action to be taken to combat money laundering and terrorist financing;
2. Recognises the benefits to be obtained by sharing knowledge and experience;
3. Has taken or is actively taking steps to develop, pass and implement anti-money laundering and anti-terrorist financing legislation and other measures based on accepted international standards;
4. Subject to its domestic laws, commits itself to implementing the decisions made by the APG;
5. Commits itself to participation in the mutual evaluation program;
6. Contributes to the APG budget in accordance with arrangements agreed by the APG.

It is not a precondition for participation in the APG that anti-money laundering or anti-terrorist financing laws be already enacted.

Each jurisdiction will decide on the particular steps it will take to combat money laundering and terrorist financing. The response by individual jurisdictions will, however, be significantly assisted by participation in the APG.

The APG will welcome new members from the Asia/Pacific region. Smaller jurisdictions whose direct involvement may be difficult may wish to participate in the APG through an appropriate sub-regional forum. To those jurisdictions not yet ready to assume all the requirements of full membership, the APG offers a form of participation in its activities through observer status.

Observer Status

The APG recognises that there are significant benefits for member jurisdictions from continuing contact with non-member jurisdictions. As such, the meetings of the APG will also serve to provide opportunities for regular consultation with non-member jurisdictions from within and outside the region who could be invited to attend as observers.

The APG also recognises that many international organisations have a strong interest in anti-money laundering and anti-terrorist financing initiatives. The APG welcomes the support and co-operation from international organisations and other, non-member jurisdictions that may be willing to provide resources to assist the work of the APG.

Observers are:

- (i) jurisdictions which are considering membership of the APG and which are prepared to meet the first three requirements for membership of the APG;
- (ii) organisations which actively support or otherwise are interested in the objectives of the APG;
- (iii) any other jurisdiction or organisation invited by the Co-Chairs and to which no APG member objects.

In addition to the FATF, the organisations which attended the inaugural meeting (ASEAN Secretariat, Asian Development Bank, International Monetary Fund, International Organisation of Securities Commissions, INTERPOL, Offshore Group of Banking Supervisors, United Nations Crime Prevention and Criminal Justice Division, United Nations International Drug Control Programme and World Customs Organisation) and any other international organisation with an interest in effectively combating money laundering will be encouraged to participate in future meetings of the APG as observers.

The participation (and the nature of such participation) of non-member jurisdictions and international organisations will be determined by the APG on a case-by-case basis.

Meetings

The APG will meet at least once each year. At APG meetings decisions will be made. All APG member jurisdictions should ensure that their delegations to APG meetings have full instructions to participate in the meetings. All decisions at APG meetings shall be by consensus.

Meetings will normally be held in member jurisdictions. In addition to an annual meeting of the APG, meetings may be conducted to coincide with money laundering methods meetings. Some meetings may be limited to APG member jurisdictions only.

Invitations to the annual meeting may be extended to non-member jurisdictions to attend as observers.

While meetings will generally be open to observers some parts of a meeting may be limited to member jurisdictions only to enable the APG to conduct formal consideration of issues which require the agreement of its members.

To ensure a global approach to anti-money laundering and anti-terrorist financing, member jurisdictions of the APG will work closely with the Financial Action Task Force (FATF) and other FATF-style regional bodies. The FATF President and FATF Secretariat will attend APG meetings on the same basis that the APG Co-Chairs and Secretariat attend FATF meetings.

Meetings should be held at the same time each year.

Strategic Plan and Business Plan

Consistent with these Terms of Reference, the APG will:

- develop a Strategic Plan every three years, to be endorsed by all members, which will set out the APG's mission and goals for each three year period; and
- develop an annual Business Plan, to be endorsed by all members, which will set out in greater detail the work program of the APG.

Secretariat

Secretariat services will be provided by the Asia/Pacific Group on Money Laundering Secretariat. The APG Secretariat is located in Sydney, Australia. The APG Secretariat will provide a similar service to that provided by Secretariats of other anti-money laundering bodies.

Working Parties

To enable the work of the APG to be addressed between meetings, Working Parties may be formed. Member jurisdictions may participate in all APG Working Parties, Typologies Workshops and ad hoc committees established in response to specific issues.

Chairing of the APG

There will be two co-chairs of the APG. During the formative stage of the APG, one co-chair position will be held by Australia which will host the annual meeting in alternate years. The other co-chair position will be rotated every two years amongst member jurisdictions. The rotating co-chair position will be decided every second year at an annual meeting and will carry with it the responsibility of hosting the following annual meeting.

Resources

The APG recognises that the ongoing work of the APG, and in particular the capacity of the Secretariat to assist jurisdictions, will depend on the resources available to it. APG member jurisdictions will determine the budget required for the APG to carry out its work program on an annual basis according to a fair and equitable budget formula which will be revised and agreed from time to time.

Contact Points

Each member jurisdiction is required to nominate a person to act as the central contact point for the APG Secretariat. In addition, each member will nominate an appropriate contact point for the three relevant money laundering sectors: legal, financial and law enforcement.

Non-member jurisdictions and organisations will be requested to nominate a person or persons who will be the central point of contact in relation to money laundering matters and the work of the APG.

* * * * *

ANNEX C: APG Financial Statements



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INDEPENDENT AUDIT REPORT

To the Members
Asia/Pacific Group on Money Laundering

Scope

The financial report and Secretariat's responsibility

The financial report comprises the balance sheet, income statement, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the statement by executive secretary of the Asia/Pacific Group on Money Laundering Secretariat, for the year ended 30 June 2007.

The Secretariat is responsible for the preparation and true and fair presentation of the financial report required by the Finance Minister's Orders made under the Financial Management and Accountability Act 1997. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Secretariat. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Finance Minister's Orders made under the Financial Management and Accountability Act 1997, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Secretariat's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the secretariat.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, the financial report of Asia/Pacific Group on Money Laundering is in accordance with:

- (a) the Finance Minister's Orders made under the Financial Management and Accountability Act 1997, including:
 - (i) giving a true and fair view of the Secretariat's financial position as at 30 June 2007 and of its performance for the year ended on that date, and
 - (ii) complying with Accounting Standards in Australia and
- (b) other mandatory financial reporting requirements in Australia.

ASCENT AUDIT PTY LTD
Authorised Audit Company



Selina Stanford
Director

Dated: 8 April 2008

ASIA/PACIFIC GROUP ON MONEY LAUNDERING

**STATEMENT BY EXECUTIVE SECRETARY OF THE ASIA/PACIFIC GROUP ON MONEY
LAUNDERING SECRETARIAT**

In my opinion, the attached financial statements for the year ended 30 June 2007 have been prepared based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* as amended.



Signed

Gordon Hook
Executive Secretary, APG Secretariat

8 April 2008

ASIA/PACIFIC GROUP ON MONEY LAUNDERING**INCOME STATEMENT***for the year ended 30 June 2007*

	Notes	30 June 2007 \$	30 June 2006 \$
INCOME			
<i>Revenue</i>			
Contributions from Members	3A	1,306,573	1,193,111
Other Contributions	3B	344,694	186,004
Other Revenue	3C	-	66,522
Total revenue		1,651,267	1,445,637
<i>Gains</i>			
Other Gains	3D	138,025	110,980
Total gains		138,025	110,980
TOTAL INCOME		1,789,292	1,556,617
EXPENSES			
Employees	4A	936,461	932,133
Depreciation and Amortisation	4B	51	-
Suppliers	4C	355,057	362,464
Travel	4D	565,320	433,831
TOTAL EXPENSES		1,856,889	1,728,428
OPERATING RESULT		(67,597)	(171,811)

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

ASIA/PACIFIC GROUP ON MONEY LAUNDERING**BALANCE SHEET***as at 30 June 2007*

	Notes	30 June 2007 \$	30 June 2006 \$
ASSETS			
Financial Assets			
Cash	5A	701,291	854,402
Receivables	5B	207,136	134,444
Total Financial Assets		908,427	988,846
Non-Financial Assets			
Infrastructure, Plant and Equipment	6A	3,249	-
Other Non-Financial Assets	6B	-	-
Total Non-Financial Assets		3,249	-
TOTAL ASSETS		911,676	988,846
LIABILITIES			
Payables			
Suppliers	7A	56,828	63,439
Other Payables	7B	377,746	485,630
Total Payables		434,574	549,069
Provisions			
Employee Provisions	8A	263,259	158,338
Total Provisions		263,259	158,338
TOTAL LIABILITIES		697,833	707,407
NET ASSETS		213,843	281,439
EQUITY			
Retained Surpluses / (Accumulated Deficits)		213,843	281,439
TOTAL EQUITY		213,843	281,439
Current Assets		908,427	988,846
Non-current Assets		3,249	-
Current Liabilities		681,812	671,471
Non-current Liabilities		16,021	35,936

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

ASIA/PACIFIC GROUP ON MONEY LAUNDERING
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2007

Item	Accumulated Results		TOTAL EQUITY	
	2007 \$	2006 \$	2007 \$	2006 \$
Opening Balance	281,439	453,253	281,439	453,253
Adjusted Opening Balance	281,439	453,253	281,439	453,253
Net Operating Result	(67,596)	(171,814)	(67,5	(171,814)
Sub-total Income and Expenses	(67,596)	(171,814)	(67,596)	(171,814)
Closing balance as at 30 June	213,843	281,439	213,843	281,439
<i>Total equity attributable to the Commonwealth</i>	213,843	281,439	213,843	281,439

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

ASIA/PACIFIC GROUP ON MONEY LAUNDERING
STATEMENT OF CASH FLOWS
for the year ended 30 June 2007

	30 June 2007	30 June 2006
Notes	\$	\$
OPERATING ACTIVITIES		
Cash Received		
Contributions and other receipts	<u>1,446,689</u>	<u>2,325,466</u>
Total Cash Received	<u>1,446,689</u>	<u>2,325,466</u>
Cash Used		
Employees	831,540	1,122,163
Suppliers and other payments	<u>764,960</u>	<u>1,161,441</u>
Total Cash Used	<u>1,596,500</u>	<u>2,283,604</u>
Net Cash From / (Used By) Operating Activities	9 <u>(149,811)</u>	<u>41,862</u>
Cash Used		
Purchase of property, plant and equipment	<u>3,300</u>	<u>-</u>
Net Increase or (Decrease) in Cash Held	(153,111)	41,862
Cash at the beginning of the reporting period	<u>854,402</u>	<u>812,540</u>
Cash at the End of the Reporting Period	5A <u>701,291</u>	<u>854,402</u>

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

ASIA/PACIFIC GROUP ON MONEY LAUNDERING**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS***for the year ended 30 June 2007*

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Notes to and forming part of the Financial Statements

Note 1: Summary of Significant Accounting Policies

1.1 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 anti-money laundering and anti-terrorist financing standards in particular the Forty Recommendations and Nine Special Recommendations of the Financial Action Task Force on Money Laundering (FATF). This includes assisting jurisdictions in the region to enact laws dealing with the proceeds of crime, mutual legal assistance, confiscation, forfeiture and extradition. It also includes the provision of guidance in setting up systems for reporting and investigating suspicious transactions and helping in the establishment of financial intelligence units. The APG allows for regional factors to be taken into account in the implementation of anti-money laundering and anti-terrorist financing measures and provides for peer review by means of a mutual evaluation process.

1.2 Basis of Preparation of the Financial Statements

The Australian Federal Police hosted the APG for the year ended 30 June 2007 and has prepared this special purpose financial report for the members of the APG.

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 01 July 2005)*);
- Australian Accounting Standards issued by the Australian Accounting Standards Board that apply for the reporting period; and
- Interpretations issued by the AASB and UIG that apply for the reporting period.

This is the first financial report to be prepared under Australian Equivalents to International Financial Reporting Standards (AEIFRS). The impacts of adopting AEIFRS are disclosed in Note 2.

The Income Statement and Balance Sheet have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets, which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Unless alternative treatment is specifically required by an accounting standard, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 10).

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

1.3 Changes in Accounting Policy

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.

1.4 Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS).

Notes to and forming part of the Financial Statements

Australian Accounting Standards require APG to disclose Australian Accounting Standards that have not been applied, for standards that have been issued but are not yet effective.

The AASB has issued amendments to existing standards, these amendments are denoted by year and then number, for example 2005-1 indicates amendment 1 issued in 2005.

The table below illustrates standards and amendments that will become effective for APG in the future. The nature of the impending change within the table, has been out of necessity abbreviated and users should consult the full version available on the AASB's website to identify the full impact of the change. The expected impact on the financial report of adoption of these standards is based on APG's initial assessment at this date, but may change. APG intends to adopt all of standards upon the application date.

Title	Standard affected	Application date*	Nature of impending change	Impact expected on financial report
2005-4	AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038	1 Jan 2006	Amends AASB 139, AASB 1023 and AASB 1038 to restrict the option to fair value through profit or loss and makes consequential amendments to AASB 1 and AASB 132	No expected impact
2005-10	AASB 132, AASB101, AASB 114, AASB 117, AASB 133, AASB 139, AASB1, AASB 4, AASB 1023 and AASB 1038	1 Jan 2007	Amendment requirements subsequent to the issuing of AASB 7	No expected impact
	AASB 7 Financial Instruments: Disclosures	1 Jan 2007	Revise the disclosure requirements for financial instruments from AASB 132 requirements.	No expected impact

* Application date is for annual reporting periods beginning on or after the date shown

1.5 Revenue

1.0 Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

Notes to and forming part of the Financial Statements

1.6 Gains

Resources Received Free of Charge

Services 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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Other Gains

Gains from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

1.7 Employee Benefits

As required by the Finance Minister's Orders, APG has early adopted AASB 119 Employee Benefits as issued in December 2004.

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

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

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 and 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, including the APG's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2004. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

2.0 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. The PSSap is a defined contribution scheme.

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.

APG makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Agency's employees.

Notes to and forming part of the Financial Statements

From 1 July 2005, new employees are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.8 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.9 Financial Risk Management

APG activities expose it to normal commercial financial risk. As a result of the nature of APG's business and internal and Australian Government policies, dealing with the management of financial risk, APG's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

1.10 Derecognition of Financial Assets and Liabilities

As prescribed in the Finance Minister's Orders, APG has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are derecognised when the obligation under the contract is discharged or cancelled or expires.

For the comparative year, financial assets were derecognised when the contractual right to receive cash no longer existed. Financial liabilities were derecognised when the contractual obligation to pay cash no longer existed.

1.11 Impairment of Financial Assets

As prescribed in the Finance Minister's Orders, APG has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are assessed for impairment at each balance date.

Financial Assets held at Amortised Cost

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in profit and loss.

Financial Assets held at Cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because it cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

Available for Sale Financial Assets

If there is objective evidence that an impairment loss on an available for sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in profit and loss, is transferred from equity to the profit and loss.

Notes to and forming part of the Financial Statements

Comparative Year

The above policies were not applied for the comparative year. For receivables, amounts were recognised and carried at original invoice amount less a provision for doubtful debts based on an estimate made when collection of the full amount was no longer probable. Bad debts were written off as incurred.

Other financial assets carried at cost which were not held to generate net cash inflows, were assessed for indicators of impairment. Where such indicators were found to exist, the recoverable amount of the assets was estimated and compared to the assets carrying amount and, if less, reduced to the carrying amount. The reduction was shown as an impairment loss.

1.12 Trade Creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.13 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Assets are not recognised in the Balance Sheet but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability or asset is recognised. A liability or asset is recognised when its existence is confirmed by a future event, settlement becomes probable (virtually certain for assets) or reliable measurement becomes possible.

1.14 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

1.15 Taxation

The Agency is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

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

1.16 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

Notes to and forming part of the Financial Statements

Note 2: Events after the Balance Sheet Date

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

Notes to and forming part of the Financial Statements

Note 3: Income

Note 3A: Contributions from Members

Members' Contributions

Afghanistan	4,800	1,108
Australia	266,921	266,000
Bangladesh	6,829	4,800
Canada	128,444	-
Brunei Darussalam	4,800	4,800
Cambodia	4,800	4,800
Chinese Taipei	49,041	53,017
Cook Islands	4,800	4,800
Fiji Islands	4,800	4,800
Hong Kong, China	38,471	45,180
India	75,766	78,787
Indonesia	29,996	26,404
Japan	187,000	186,000
Korea	86,851	82,816
Macau, China	4,800	4,800
Malaysia	16,704	17,459
Marshall Islands	4,800	4,800
Mongolia	4,800	4,800
Myanmar	4,800	1,477
Nepal	4,800	4,800
New Zealand	50,664	41,524
Niue	4,800	4,800
Pakistan	10,898	10,223
Palau	4,800	4,800
Philippines	10,782	8,742
Samoa	4,800	4,800
Singapore	30,057	31,297
Sri Lanka	4,800	17,101
Solomon Islands	750	-
Thailand	19,849	25,851
Tonga	4,800	4,800
United States	220,000	232,925
Vanuatu	4,800	4,800
Vietnam	750	-
Total member contributions	1,306,573	1,193,111

Notes to and forming part of the Financial Statements

Note 3B: Other Contributions

AusAID Sponsorship Funding	111,706	51,986
United Kingdom Foreign & Commonwealth Office - Travel	-	134,018
Canadian Department of Foreign Affairs & International Trade	<u>232,988</u>	<u>-</u>
<i>Total other contributions</i>	<u>344,694</u>	<u>186,004</u>

Note 3C: Other Revenues

Cost Recovery	<u>-</u>	<u>66,522</u>
<i>Total other revenue</i>	<u>-</u>	<u>66,522</u>

Note 3D: Other Gains

AFP - Resources Received Free of Charge	<u>138,025</u>	<u>110,980</u>
<i>Total other gains</i>	<u>138,025</u>	<u>110,980</u>

Notes to and forming part of the Financial Statements

Note 4: Operating Expenses

Note 4A: Employee Expenses

Wages and salaries	644,234	726,811
Superannuation	128,567	100,523
Leave and other entitlements	151,877	93,568
Other employee expenses	11,783	11,231
Total employee expenses	936,461	932,133

Note 4B: Depreciation and Amortisation

Other infrastructure, plant and equipment	51	-
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Note 4C: Supplier Expenses

Temporary Employee Services/Consultants & Recruitment	174,022	115,900
Legal and audit fees	6,000	6,000
Advertising	16,352	38,615
Postage & Freight	88	778
Currency Fluctuations	267	184
Other Expenses	(2,524)	24,278
Conferences	669	54,663
Office Equipment & Data Communications	24,142	23,415
Office Requisites/Printing of APG Documents	3,327	3,551
Motor Vehicle	10,715	-
Workers Compensation Premiums	2,200	-
Property Expenses	119,799	95,080
Total other expenses	355,057	362,464

Note 4D: Travel Expenses

APG Annual Meeting - Staff Travel	29,112	7,235
APG Sponsorship Mutual Evaluation	131,731	91,984
Secretariat Staff APG Typologies	41,808	14,052
Secretariat Staff APG Mutual Evaluations	42,008	66,967
TA Consultant and Secretariat Staff Missions	92,683	73,873
Secretariat Staff FATF Meetings	139,233	94,034
Secretariat Staff Domestic Meetings	8,908	5,797
Overseas APG Sponsored Attendees	79,837	67,367
Other	-	12,522
Total travel expenses	565,320	433,831

Notes to and forming part of the Financial Statements

Note 5: Financial Assets

Note 5A: Cash

Special Account	701,291	854,402
Total cash	701,291	854,402

3.0 All cash recognised is a current asset.

Note 5B: Receivables

Goods and services	149,629	54,212
GST receivable from the Australian Taxation Office	2,627	8,953
Other receivables	54,880	71,279
Total Receivables (net)	207,136	134,444

4.0 All receivables are current assets.

Receivables (gross) are aged as follows:

Current	83,393	33,737
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
More than 90 days	123,743	100,707
	123,743	100,707
Total receivables (gross)	207,136	134,444

Note 6: Non-Financial Assets

Note 6A: Infrastructure, Plant and Equipment

Infrastructure, plant and equipment

- at cost

3,249	-
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Total Infrastructure, Plant and Equipment (non-current)

3,249	-
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Note 6B: Other Non-Financial Assets

Total Prepayments

-	-
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5.0 All other non-financial assets are current assets.

Notes to and forming part of the Financial Statements

Note 7: Payables

Note 7A: Suppliers

Trade creditors	51,598	31,693
Accrued expenses	5,230	31,746
Total suppliers payable	56,828	63,439

6.0 All supplier payables are current liabilities.

Settlement is usually made net 30 days.

Note 7B: Other Payables

Unearned revenue	377,746	485,630
Total other payables	377,746	485,630

7.0 All other payables are current liabilities.

Note 8: Provisions

Note 8A: Employee Provisions

Salaries and wages	56,584	4,752
Leave	198,939	143,920
Superannuation	7,736	9,666
	263,259	158,338

8.0 Employee provisions are represented by:

Current	247,238	122,402
Non-current	16,021	35,936
Total employee provisions	263,259	158,338

Notes to and forming part of the Financial Statements

Note 9: Cash Flow Reconciliation

Reconciliation of cash per Balance Sheet to Statement of Cash Flows

Cash at year end per Statement of Cash Flows	701,291	854,402
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Statement of Financial Position items comprising above cash:		
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'Financial Asset - Cash'	701,291	854,402
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Reconciliation of operating result to net cash from / Used by) operating activities:

Operating Result	(67,596)	(171,814)
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Depreciation and amortisation	51	-
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(Increase) / decrease in receivables	(72,692)	373,411
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(Increase) / decrease in prepayments	-	15,817
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Increase / (decrease) in employee provisions	104,921	(190,050)
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Increase / (decrease) in payables	(6,611)	(471,132)
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Increase / (decrease) in unearned revenue	(107,884)	485,630
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<i>Net cash from / (used by) operating activities</i>	<u>(149,811)</u>	<u>41,862</u>
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Notes to and forming part of the Financial Statements

Note 10: Contingent Liabilities and Assets

The APG has no known contingencies

Note 11: Executive Remuneration

	<u>2007</u>	<u>2006</u>
The number of executives who received or were due to receive total remuneration of \$130,000 or more:		
\$145 000 to \$159 999	1	-
\$205,000 to \$219,999	<u>-</u>	<u>1</u>
Total	<u>1</u>	<u>1</u>
The aggregate amount of total remuneration of executives shown above.	\$147,689	\$212,661
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.	Nil	Nil

Note 12: Remuneration of Auditors

	<u>2007</u>	<u>2006</u>
	<u>\$</u>	<u>\$</u>
The cost of financial statement audit services provided to the Asia/Pacific Group on Money Laundering were	<u>6,000</u>	<u>6,000</u>
	<u>6,000</u>	<u>6,000</u>

Note 13: Average Staffing Levels

	<u>2007</u>	<u>2006</u>
The average staffing levels during the year were:	<u>6</u>	<u>6</u>

Notes to and forming part of the Financial Statements

Note 14: Financial Instruments

Note 14A: Interest Rate Risk

Financial Instrument	Notes	Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
		2007	2006	2007	2006	2007	2006
		\$	\$	\$	\$	%	%
Financial Assets							
Cash at bank	5A	701,291	854,402	701,291	854,402		0
Receivables for goods and services (gross)	5B	207,136	134,444	207,136	134,444		n/a
Total		908,427	988,846	908,427	988,846	n/a	n/a
Financial Liabilities							
Trade creditors	7AB	56,828	63,939	56,828	63,939		n/a
Total		56,828	63,939	56,828	63,939		

Note 14B: Credit Risk Exposures

The APG's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

The APG has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

Notes to and forming part of the Financial Statements

Note 15: Special Accounts

Financial Action Task Force - Asia Pacific Group Secretariat Account	2007	2006
<i>Legal Authority:</i> Section 20 of the Financial Management and Accountability Act 1997		
<i>Purpose:</i> For expenditure relating to the operations of the Secretariat to the Financial Action Task Force - Asia Pacific Group		
Balance carried forward from previous year	854,402	812,540
Costs recovered	-	-
Receipts during the year	1,446,689	2,325,466
Available for payments	2,301,091	3,138,006
Payments made during the year	(1,599,800)	(2,283,604)
Balance carried to next year	701,291	854,402
<i>Represented by:</i>		
Cash at Bank	701,291	854,402
<i>Add:</i> GST receivable from the ATO	-	-
Total balance carried to the next period	701,291	854,402

Notes to and forming part of the Financial Statements

Note 16: Abbreviations

AASB	Australian Accounting Standards Board
AEIFRS	Australian Equivalents to International Financial Reporting Standards
AFP	Australian Federal Police
AGAAP	Australian Generally Accepted Accounting Principles
ANAO	Australian National Audit Office
APG	Asia/Pacific Group on Money Laundering
AusAID	Australian Agency for International Development
GST	Goods and Services Tax
FATF	Financial Action Task Force on Money Laundering
UIG	Urgent Issues Group

ANNEX D: APG schedule of mutual evaluations

First round of evaluations: 2000 – 2005

APG member	Date of on-site evaluation visit	Adoption of final report
1999 – 2000		
Vanuatu <i>[Jointly with OGBS]</i>	21 – 24 March 2000	2000 Annual Meeting
2000 – 01		
Samoa <i>[Jointly with OGBS]</i>	19 – 22 February 2001	2001 Annual Meeting
Chinese Taipei	26 – 29 March 2001	2001 Annual Meeting
Labuan Offshore Financial Centre (Malaysia) <i>[Jointly with OGBS]</i>	2 – 4 April 2001	2001 Annual Meeting
Macao, China <i>[Jointly with OGBS]</i>	9 – 12 April 2001	2001 Annual Meeting
2001 – 02		
Malaysia	9 – 12 July 2001	2002 Annual Meeting
Cook Islands <i>[Jointly with OGBS]</i>	29 October – 1 November 2001	2002 Annual Meeting
Indonesia	4 – 8 February 2002	2002 Annual Meeting
Fiji Islands	11 – 14 February 2002	2002 Annual Meeting
Thailand	4 – 7 March 2002	2002 Annual Meeting
2002 – 03		
Korea, Republic of	5 – 9 August 2002	2003 Annual Meeting
Bangladesh <i>(as part of Fund/Bank-led assessment)</i>	12 – 25 October 2002	2003 Annual Meeting
Palau	10 – 13 March 2003	2003 Annual Meeting
2003 – 04		
New Zealand <i>(jointly with FATF for Fund/Bank FSAP)</i>	20 – 24 October 2003	2005 Annual Meeting
Philippines	10 – 14 November 2003	2004 Annual Meeting
Cook Islands <i>(as part of Fund/Bank-led assessment)</i>	February 2004	2004 Annual Meeting
2004 – 05		
Marshall Islands	1 – 5 November 2004	2005 Annual Meeting
Pakistan	25 November – 3 December 2004	2005 Annual Meeting
Niue	29 November – 3 December 2004	2005 Annual Meeting
Brunei Darussalam	27 January – 4 February 2005	2005 Annual Meeting
Nepal	3 – 11 February 2005	2005 Annual Meeting
India	14 – 25 March 2005	2005 Annual Meeting

Second round of evaluations: 2005 – 2010
(*Revised January 2008)

APG member	Date of on-site evaluation visit	Adoption of final report
2005 – 06		
Australia (<i>jointly with FATF</i>)	10 – 23 March 2005	2006 Annual Meeting
United States (<i>jointly with FATF</i>)	7 – 18 Nov 2005 & 9 – 20 January 2006	2006 Annual Meeting
Samoa (<i>jointly with OGBS</i>)	6 – 17 February 2006	2006 Annual Meeting
Fiji Islands (<i>World Bank</i>)	20 February to 3 March 2006	2006 Annual Meeting
Vanuatu (<i>jointly with OGBS</i>)	27 February to 10 March 2006	2006 Special Plenary
Sri Lanka	27 February to 10 March 2006	2006 Annual Meeting
2006 – 07		
Macao, China (<i>jointly with OGBS</i>)	4 – 15 December 2006	2007 Annual Meeting
Mongolia	4 – 15 December 2006	2007 Annual Meeting
Malaysia (<i>including Labuan IOFC</i>)	29 January – 9 February 2007	2007 Annual Meeting
Chinese Taipei	29 January – 9 February 2007	2007 Annual Meeting
Cambodia (<i>World Bank</i>)	26 February – 9 March 2007	2007 Annual Meeting
Thailand (<i>IMF</i>)	26 February – 9 March 2007	2007 Annual Meeting
2007 – 08		
Canada (<i>jointly with FATF</i>)	19 – 30 March 2007	2008 Annual Meeting
Singapore (<i>jointly with FATF</i>)	3 – 14 September 2007	2008 Annual Meeting
Indonesia	29 October – 9 November 2007	2008 Annual Meeting
Hong Kong, China (<i>jointly with FATF</i>)	12 – 23 November 2007	2008 Annual Meeting
Myanmar	7 – 21 January 2008	2008 Annual Meeting
Palau (<i>IMF</i>)	3 – 17 March 2008	2008 Annual Meeting
2008 – 09		
Japan (<i>jointly with FATF</i>)	6 – 21 March 2008	2009 Annual Meeting
Bangladesh	Third quarter of 2008	2009 Annual Meeting
Philippines (<i>World Bank/APG</i>)	Third quarter of 2008	2009 Annual Meeting
Pakistan (<i>World Bank/APG</i>) - TBC	Fourth quarter of 2008 (TBC)	2009 Annual Meeting
Vietnam	Fourth quarter of 2008	2009 Annual Meeting
Korea, Republic of (<i>jointly with FATF</i>)	Fourth quarter of 2008	2009 Annual Meeting
Cook Islands	First quarter of 2009	2009 Annual Meeting
2009 – 10		
New Zealand (<i>jointly with FATF</i>)	Second quarter of 2009	2010 Annual Meeting
Tonga	Third quarter of 2009	2010 Annual Meeting
Afghanistan	Third quarter of 2009	2010 Annual Meeting
Solomon Islands	Fourth quarter of 2009	2010 Annual Meeting
India (<i>jointly with FATF</i>)	Fourth quarter of 2009	2010 Annual Meeting

Brunei Darussalam (<i>IMF or APG</i>) – TBC	Fourth quarter of 2009	2010 Annual Meeting
2010-11		
Marshall Islands	Third quarter of 2010	2011 Annual Meeting
Nauru	Third quarter of 2010	2011 Annual Meeting
Lao PDR	Third quarter of 2010	2011 Annual Meeting
Niue	Fourth quarter of 2010	2011 Annual Meeting
Nepal	Fourth quarter of 2010	2011 Annual Meeting