



Asia/Pacific Group
on Money Laundering

Asia/Pacific Group on Money Laundering

ANNUAL REPORT **1 July 2007 – 30 June 2008** (incorporating outcomes from 11th Annual Meeting in July 2008)

30 September 2008

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APG Organisational Statements

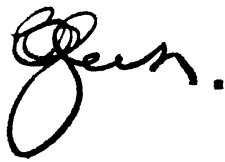
OUR VISION	An active and effective APG contributing to the reduction of serious crime in the Asia/Pacific region
OUR MISSION	<p>To combat money laundering and the financing of terrorism in the Asia/Pacific region through:</p> <ol style="list-style-type: none"> 1) Effective participation in the FATF's 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 programme in order to assist members to achieve the APG's mission

Certification by Co-Chairs

In accordance with the unanimous APG plenary resolution of June 2000, requiring the filing of Annual Reports with the membership, we submit the following report on the operations of the Asia/Pacific Group on Money Laundering for the period 1 July 2007 to 30 June 2008.

This report includes independently audited financial statements.

30 September 2008



Commissioner Mick Keelty
Co-Chair
Australia



Mr Ong Hian Sun
Co-Chair
Singapore

Outline of this Report

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 2007 to 30 June 2008 (incorporating outcomes at the 11th Annual Meeting in July 2008).

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 page ii.

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 11th Annual Meeting in Bali, Indonesia, in July 2008 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 three joint FATF/APG evaluations and one IMF led assessment. Those reports were in relation to Canada; Singapore; Hong Kong, China; Indonesia; Palau; and Myanmar. 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 2007 joint FATF/APG Typologies Workshop in Bangkok and the APG Typologies Working Group.

Section 7

Section 7 outlines the major achievements and outputs in relation to Strategic Goal 5 (*implementation planning and providing AML/CFT guidance*) over the last year and discusses the activities of the Implementation Issues Working Group and the finalisation of 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 programme*). Section 8 outlines the 2008 Annual Forum on Technical Assistance and Training conducted during the 2008 Annual Meeting in Bali. This section also summarizes an outreach membership mission to Timor Leste.

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 2007-08.

Section 10

The final section of this report is entitled "Future Directions and Priorities" and gives a summary of important APG issues 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.

Annexes – Audit Report and Financial Statements

Annex D contains the Independent Audit Report and audited Financial Statements of the APG for the period 1 July 2007 to 30 June 2008 by Ascent Audit Pty Ltd dated 30 September 2008.

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 on Money Laundering
FBI	Federal Bureau of Investigation (United States of America)
FIU	Financial Intelligence Unit
FSAP	Financial Sector Assessment Programme
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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APG Co-Chairs' Foreword



Commissioner Mick Keelty



Mr Ong Hian Sun

Over the past two years, the APG's membership has grown considerably and it has achieved significant success in securing a leadership role in the anti-money laundering/countering the financing of terrorism (AML/CFT) global community.

Dr Yunus Husein of Indonesia, whose tenure as Co-Chair expired in July 2008, contributed greatly to these achievements. On behalf of all APG members and observers, we would like to thank Dr Husein for his dedication and hard work which culminated in a very productive Annual Meeting in Indonesia in July 2008.

The Annual Meeting adopted six important mutual evaluation reports, three of which were joint reports with the FATF and one with the International Monetary Fund. During this event over 20 separate meetings were also held with individual APG jurisdictions during the concurrently held Annual Forum on Technical Assistance and Training (TA&T). These meetings were very successful and enabled development of a clear agenda of work for the APG membership over the next few years.

We would like to thank Canada and the United States for providing significant financial support to the APG. Over the last 18 months Canada's Department of Foreign Affairs and International Trade, with the assistance of the Department of Finance, provided the APG with funds exceeding AUS\$500,000 for development of our TA&T programme. That programme is recognised internationally as delivering best practice models. The US State Department has also recently committed funding of AUS\$80,000 to the APG to continue its TA&T programme in the upcoming year to assist priority jurisdictions. These contributions have enabled the APG to become a world leader in the delivery of AML/CFT TA&T and will ensure this work can be expanded and further strengthened.

One of the activities over the last year which has enhanced the APG's global position is the production of a "Strategic Implementation Planning Framework" produced jointly with the World Bank, with funding from the World Bank's Canada Trust Fund. This framework provides a detailed template for jurisdictions to implement AML/CFT standards and has been praised by international organisations, including the FATF, as a critical instrument to assist low capacity countries to come into closer compliance with the global standards. Another development was the establishment of a unique training course for jurisdictions about to be evaluated. The training was piloted in Singapore in March 2008 among six jurisdictions and has proven successful by targeting training to government ministries and agencies responsible for preparing for an on-site mutual evaluation. This training package has been welcomed and adopted by other FATF Style Regional Bodies (FSRBs).

This last year also saw the first joint FATF/APG Typologies Workshop, which was held in Bangkok, Thailand in November 2007. This event was attended by more than 250 delegates from around the region and from FATF countries. The meeting was opened by the (then) Prime Minister of Thailand, His Excellency General Surayud Chulanont (ret). The workshop discussed a variety of issues including vulnerabilities in the casinos and gaming sector and on-line shopping as well as issues related to proliferation financing. There is much more work to do on these issues and our next

Typologies meeting in Colombo, Sri Lanka in October 2008 will build on our achievements and identify crucial issues moving forward in the year.

In June 2008, a new FATF President was appointed, Mr Gustavo Antonio Rodrigues of the Brazilian Financial Intelligence Unit, following the end of the term of Sir James Sassoon of the United Kingdom. Mr Rodrigues has indicated that during his Presidency he will look closely at how the FATF can better connect with FSRBs, including the APG, in the global fight against money laundering and terrorist financing. The APG was honoured to have Mr Rodrigues at our 11th Annual Meeting (his first official function as President) in which he delivered a speech praising the sophistication of the APG and its leadership among other FSRBs. As Co-Chairs, we look forward to working closely with Mr Rodrigues in the coming year in particular since he is the former President of the South American FSRB, GAFISUD, and he has a deep insight and appreciation of how FSRBs, like the APG, do business.



FATF President
Mr Gustavo Rodrigues

Finally, the next year (2008/09) will see an end to our current Three-Year Strategic Plan and our Technical Assistance and Training Framework. New plans will be developed in consultation with the APG Steering Group and by the wider membership at the next Annual Meeting in Australia in July 2009. These plans will guide the APG over the following three years to the end of our current mandate in 2012.

Thank you to all APG members and observers and to our global partners for another successful APG year. We look forward to the year ahead and to meeting the challenges in the region to reduce money laundering and terrorist financing through cooperation and coordination of our mutual efforts.

Commissioner Mick Keelty
Co-Chair
Australia

Mr Ong Hian Sun
Co-Chair
Singapore

Executive Secretary's Report



Gordon Hook

The APG completed a strong year in 2007-08 in which we further consolidated our strategic position as an Associate Member of the FATF. All FATF Working Groups and Plenaries were attended during the year. Delegates from Malaysia, Chinese Taipei, Pakistan and Indonesia each participated in one or more meetings. This consolidation was further strengthened by the participation of non-FATF members of the APG - Mongolia and Malaysia - in joint FATF/APG evaluations of APG members. Their participation was very successful and as a result we have adopted a working policy that, whenever possible, only APG members which are not also FATF members will participate in joint FATF/APG evaluations. This policy will give APG members a trans-regional perspective on the FATF standards and a mechanism to influence the interpretation of those standards at the global level. The evaluations of joint APG/FATF members Korea and New Zealand are scheduled for the 2008-09 year. The Secretariat will be asking non-FATF members to provide evaluators for these missions.

New APG Co-Chair

As members and observers will have seen from the Co-Chairs' Foreword, Mr Ong Hian Sun of Singapore has assumed the Co-Chairmanship of the APG from Dr Yunus Husein. On behalf of the Secretariat I would like to echo the words of the Co-Chairs and thank Dr Yunus Husein for his outstanding efforts as Co-Chair over the last two years. The APG has benefitted tremendously from his hard work. And I would like to warmly welcome Mr Ong as the new Co-Chair.

Mr Ong is the Director of Singapore's Commercial Affairs Department: the key investigation agency in Singapore involved in combating commercial crime, including money laundering and the financing of terrorism. He has been involved in FATF and APG matters for a number of years before assuming the Co-Chair position. The Secretariat looks forward to working with Mr Ong over the next two years.

The Year

This last year saw another six mutual evaluations conducted both jointly and solely by the APG. These reports are discussed more fully in this report but they involved some very significant APG jurisdictions with unique issues. Also, the APG expanded by another two jurisdictions in the year; the Maldives and Timor Leste both joined as full participating members at the Bali Annual Meeting in July 2008. This brings the total number of APG member jurisdictions to 38. Very few jurisdictions in the Asia-Pacific region now do not participate in the work of the APG.

The success of our technical assistance and training (TA&T) programme over the last year is attributable directly to the significant funding arrangement provided to us by the Canadian Government. Those funds have enabled a very robust programme of missions into low capacity countries to assist them primarily with CFT needs assessments and assistance, but also indirectly with AML initiatives. The majority of funds were expended on a variety of missions including in-country needs assessments, enhancing national coordination mechanisms, contribution at various regional technical assistance and training activities, collaboration with donors and providers in the successful delivery of an NPO workshop to Pacific Island jurisdictions, and support of the essential and well-received annual APG Technical Assistance and Training Forum.

The Secretariat extends its gratitude to the Government of Canada, in particular, the Department of Foreign Affairs and International Trade and the Department of Finance, for the significant grant of funds and other support which permitted the APG to continue its very busy and successful TA&T programme.

The APG has much to be proud of, with the development of two new initiatives during the year as mentioned by the Co-Chairs in their Foreword, namely:

- Training for jurisdictions about to undergo a mutual evaluation; and
- Strategic Implementation Planning Framework (SIP).

Both of these initiatives address gaps which previously existed in the mutual evaluation process. The first fills a need for domestic coordinating agencies to be trained in how to prepare government agencies and the private sector for an on-site visit by an APG evaluation team. The second addresses a gap following on from the completion of a mutual evaluation. The SIP framework assists jurisdictions (primarily low capacity jurisdictions) to risk-assess sectors and activities and to prioritise the list of recommendations and deficiencies noted in a mutual evaluation report. This framework was developed with the World Bank and piloted at a workshop held in Kuala Lumpur, Malaysia in April 2008 with funding support from Malaysia, AusAID and the World Bank Canada Trust Fund. The Secretariat, on behalf of the membership, extends its appreciation to these partners and to the World Bank for their support and contribution to the development of this important project.

The Future

2008-09 will be another busy year for the APG. The APG has seven mutual evaluations planned for the upcoming year: Bangladesh, Philippines, Vietnam, Pakistan, Republic of Korea, Cook Islands and New Zealand. The evaluation of Korea is a FATF membership requirement and will be conducted jointly with the FATF in November 2008 as will New Zealand's evaluation (scheduled for April 2009).

Our Annual Typologies Workshop is currently being planned for 27 to 29 October 2008 in Colombo, Sri Lanka. A number of issues will be discussed at the workshop including:

- Overview of global typologies work;
- Casino and gaming issues in relation to money laundering and terrorist financing;
- Proceeds of crime investigations and prosecutions;
- Money laundering vulnerabilities in the securities sector; and
- Corruption and AML/CFT issues in relation to FIUs and specialist anti-corruption agencies.

As another APG first, the Secretariat has organised the first strategic meeting of DAP Group members and providers outside the forum of the Annual Meeting. The first meeting is scheduled to be held in Sydney, Australia from 8 to 12 September 2008. A number of issues will be on the Agenda for that week. If successful, the APG will look at making this meeting a permanent fixture during the year to better coordinate TA&T activities outside the hectic week of an Annual Meeting.

During the year there will be a detailed consideration of whether the FATF standards should be reviewed and if so how that should occur. The APG Secretariat has already provided the FATF with a preliminary position paper of this issue and our members will no doubt watch this development closely given the impact that any such review will likely have on their AML/CFT policies.

Secretariat Staff

In January 2008, Ms Cecilia Marian was appointed as the Manager, Technical Assistance and Training. She has extensive experience in AML/CFT-related technical assistance and training and has worked at Bank Negara Malaysia (Malaysia's central bank), the International Monetary Fund, in Washington DC, and the Commonwealth Secretariat in London. Cecilia is a lawyer and has in-depth experience of central banking.



Cecilia Marian

Japanese Government Secondment to Secretariat

Also in October 2008 a senior Japanese customs official will join the Secretariat on placement for a period of two years to work on core APG business activities. The Secretariat would like to thank the Japanese Government for its support of the APG and the Secretariat, and for its very generous offer to provide this expert to assist the wider membership to meet its business objectives. The Secretariat looks forward to working with him.

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, finance, human resources and other essential services are provided directly to the APG Secretariat at no cost to APG members.

On behalf of the APG membership I would like to thank the AFP for its generous support and for all of the essential assistance it provides to the APG and to the Secretariat, including the provision of experienced staff to assist with APG Annual Meetings and the use of its conference facilities for APG meetings. This is a tremendous level of support and is a significant cost saving for the APG membership.

I would also like to acknowledge the close working relationship and support we receive from other Australian Government agencies including AUSTRAC, the Attorney-General's Department (AGD), the Department of Foreign Affairs and Trade (DFAT), the Commonwealth Department of Public Prosecutions (CDPP) and AusAID. AusAID has been critical to the APG in providing a large amount of funding which has enabled the Secretariat to offer sponsored support to targeted low capacity jurisdictions which in turn has enabled those jurisdictions to attend key APG events throughout the year.

The Secretariat looks forward to the next APG year and to working closely with our regional and global partners to achieve our objectives.

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: 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 40 Recommendations on money laundering and 9 Special Recommendations on terrorist financing. Its core functions include:

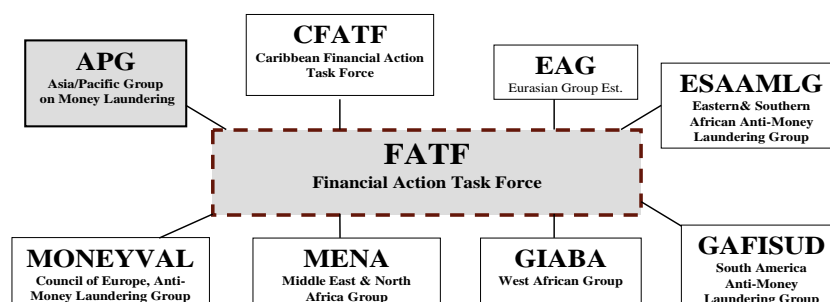
1. assessing compliance with FATF standards by APG members within a mutual evaluation framework;
2. co-ordinating technical assistance and training to jurisdictions in the Asia/Pacific region; and
3. carrying out education, research and analysis to enhance the understanding of money laundering typologies 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 APG's Strategic Plan (2006-09) at **Annex A** and in the Terms of Reference at **Annex B**.

Place of the APG in the International AML/CFT Network

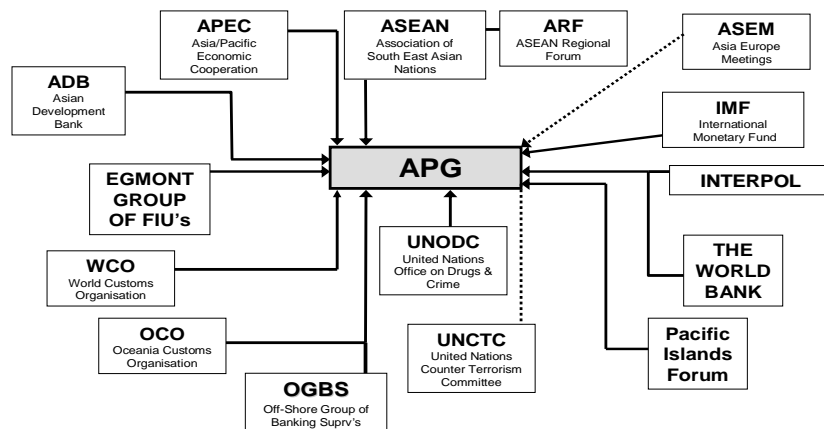
The APG is an important part of a global network of FSRBs including the FATF as well as a network of inter-governmental organisations. The following chart shows the place of the APG within the FSRB network, with the FATF as the global standard setter for AML/CFT in the centre:

Global FATF/FSRB Network



The next chart shows how the APG fits within the regional AML/CFT context:

APG and Regional Partners



Members and Observers

Membership in the APG is open to any jurisdiction within the Asia/Pacific region that recognises the need 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 stated in greater detail in the APG Terms of Reference (**Annex B**).

With the admission of Timor Leste and the Maldives as full members during the APG Annual Meeting in Bali, the APG has expanded to 38 members and four observer jurisdictions as at 11 July 2008.

In addition, over 20 international organisations partake in APG work, most notably, 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.



APG Co-Chair, Commissioner Keelty, welcomes the Maldives as the 37th member of the APG

The following Members and Observer jurisdictions are part of the APG effective July 2008:

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

*Also member 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 Singapore whose term is from July 2008 to July 2010. The membership unanimously endorsed Singapore to replace Indonesia, whose term expired in July 2008 at the conclusion of the 2008 Annual Meeting.

Co-Chair, Australia

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.

Co-Chair, Singapore

Mr Ong Hian Sun formally assumed his appointment on 11 July 2008 at the APG's 11th Annual Meeting in Bali, Indonesia. His term is for two years (July 2008 to July 2010).

Mr Ong Hian Sun is an advocate and solicitor of the Supreme Court of Singapore. He joined the Attorney General's Chambers (AGC) of Singapore in September 1989 and began his legal career as a Deputy Public Prosecutor. From September 1989 until February 2008, he held various positions as Senior State Counsel dealing with the prosecutions in the High Court for capital and non-capital offences and overseeing the

conduct of prosecution of the Corruption and Specialist Crimes Directorate as well as the Financial & Securities Offences Directorate of the Criminal Justice Division in the AGC. In June 2008, he was appointed as the Director of the Commercial Affairs Department which is the key investigation agency in Singapore involved in combating commercial crime, money laundering and financing of terrorism. Mr Ong Hian Sun obtained his LLB (Hons) from the National University of Singapore and his LLM from the University of London.

Previous Co-Chair, Indonesia

Former APG Co-Chair, Dr Yunus Husein (of Indonesia), completed his tenure as APG Co-Chair at the expiry of the 2008 Annual Meeting. Dr Husein is the Head of the PPATK, Indonesia's financial intelligence unit, and since his appointment to that position has made considerable progress in establishing the PPATK as a leading FIU in the region.



(photo: APG Co-Chair, Dr Husein, speaking at Annual Meeting official reception)

During the 2008 Annual Meeting Commissioner Keelty acknowledged the significant achievements of Dr Husein during his term as Co-Chair, which included his important work in expanding the membership by six new regional jurisdictions (Vietnam, Lao PDR, Solomon Islands, Nauru, Timor Leste and The Maldives); leading three High Level APG missions; hosting two APG plenary meetings (2006 Special Plenary and 2008 Annual Meeting); and hosting the 2006 Typologies Workshop. Commissioner Keelty noted that these achievements were a testament to Dr Husein's high level of energy. This was an unprecedented contribution by a Co-Chair and demonstrated Indonesia's strong commitment to the APG.

2. APG 11th Annual Meeting 2008, Bali, Indonesia

This section reports on the key outcomes of the APG's 2008 Annual Meeting in some detail due to its significance to the APG's annual work programme. The 11th Annual Meeting of the Asia/Pacific Group on Money Laundering, held in Bali, Indonesia from 7 to 11 July 2008, was very successful and exceptionally well organised by its host, Indonesia.



L to R: Co-Chair Dr Yunus Husein, Minister HE Admiral Widodo Adi Sucipto, FATF President Mr Gustavo Rodrigues, Co-Chair Commissioner Mick Keelty

The plenary was opened with a number of key note speeches. HE Admiral Widodo Adi Sucipto, the Indonesian Coordinating Minister for Political Justice and Security Affairs, formally opened the meeting and emphasised the need to implement AML/CFT standards throughout the region to fight money laundering and terrorist financing. Co-Chair, Dr Yunus Husein, emphasised the strong commitment Indonesia has to the APG and the excellent work the group has done over the last year and what it has planned for upcoming years.

The President of the Financial Action Task Force, Mr Gustavo Rodrigues of Brazil, also delivered a speech in which he noted the close relationship between the FATF and the APG and commented that the "APG is a highly developed and sophisticated FSRB." He also noted that the APG "provides leadership and momentum which other FSRBs follow." Mr Rodrigues stated that he was looking forward to forging closer links with all regional AML/CFT bodies including the APG.



HE Admiral Widodo Adi Sucipto (on screen), the Indonesian Coordinating Minister for Political Justice and Security Affairs speaking to the APG Plenary during the opening ceremony

The meeting was co-chaired by Dr Yunus Husein and Commissioner Mick Keelty. 320 senior officials from 52 jurisdictions and international organisations attended this meeting.

APG Annual Meetings are attended by officials from legal, financial and law enforcement sectors in the Asia/Pacific region responsible for AML/CFT issues. These meetings provide a unique opportunity for these delegates to discuss a variety of issues relevant to the FATF standards, technical assistance and training initiatives, mutual evaluation reports, progress reports of APG jurisdictions and to attend special technical seminars on emerging money laundering and terrorist financing issues.

Significant outcomes of the APG meeting included the consideration and adoption of six APG mutual evaluation reports: Singapore; Canada; Hong Kong, China; Indonesia; Myanmar; and Palau (see separate section in this report for more detail).



320 delegates from 52 countries and organisations attended the 11th Annual APG Meeting in Bali

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



Traditional Balinese entertainment was provided during the official opening dinner

Other APG business included adoption of the APG's 2008 Typologies Workshop Report; consideration of Non-Profit Organisation (NPO) Sector Domestic Review reports; adoption of the Business Plan for 2008-09; and approval of an operating Budget for the coming year. Other more specific technical items arising from the meeting are commented upon in other sections of this report.

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 were successfully undertaken during this year.

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, and effective management of the staff, budget, operation and work of the Secretariat. Support issues are dealt with in section 9 of this report.

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.



APG membership mission to Dili, Timor Leste, February 2008, led by Dr Yunus Husein (centre).
Timor Leste Prime Minister, Mr Xanana Gusmão, left of flag

Co-Chair, Dr Yunus Husein, led a high level membership mission to Timor Leste in February 2008 to raise general awareness among Ministers, including the Prime Minister, of the role of the APG and to encourage Timor Leste to join as a member. This meeting was successful and demonstrated high level of commitment by the Government to join the APG. Timor Leste applied for membership prior to the Bali Annual Meeting in July and was granted membership during the meeting.

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, and
- 'Other.'

Steering Group representatives in 2007-08 were: Mongolia (North Asia); Samoa (Pacific Islands); Pakistan (South Asia); Philippines (South East Asia); and Canada (Other). The Steering Group held five meetings during the year including one face-to-face meeting in Bali just prior to the Annual Meeting. Business items during the year included considering membership issues, APG training requirements, amendments to mutual evaluation procedures; changes to Secretariat staff and Secretariat resourcing issues including the administration of secondments..

The Steering Group's membership for 2008–09 (as agreed at the 2008 Annual Meeting) is:

- Co-Chair: Australia
- Co-Chair: Singapore
- Past Co-Chair: Indonesia
- North Asia: Mongolia
- Pacific Islands: Solomon Islands
- South Asia: Sri Lanka
- South East Asia: Thailand
- Other: Canada

The Steering Group has a number of new business items on its agenda for the coming year including, approving for membership consideration a new three-year Strategic Plan and a three year Strategic Framework for Technical Assistance and Training; consideration of a FATF review of the AML/CFT standards and the role of the APG in that review; the FATF International Cooperation Review Group issues relative to APG members; general membership issues including the status of current priority observers; and resourcing of the APG Secretariat.

Information and Communication Strategy 2008

The membership amended the APG Communications Strategy at the 2008 Annual Meeting. The strategy has been re-named as the “APG Information and Communications Strategy” and recognises, among things, that the information collected by the APG Secretariat during the course of its work is a strategic business asset of the membership. The overall objective of this Strategy is to ensure that APG communications effectively support the APG's mission, objectives and work programme, and recognises the following objectives:

- Provide proactive communication with all APG stakeholders;
- Support awareness, understanding and achievement of the APG's goals by expanding communication to ensure members, observers and other relevant bodies receive regular and current information and material to support their AML/CFT programs;
- Encourage communications between members and observers to achieve increased levels of participation in APG activities;
- Increase the level of interaction and communication with other comparable AML/CFT bodies and organisations in order to increase the effectiveness of the APG's work programme and to expand APG assistance to its members; and
- Identify, distil and share requirements of AML/CFT international standards and 'best practice'.

The strategy also provides that commercial and other third party requests for use of the APG logo and promotional material must be approved by the Co-Chairs. Use of the

material including the logo will not normally be permitted for commercial use (for instance use by commercial conference providers). The policy also clarifies the use and purpose of the secure and public access pages of the APG website. It indicates that this site is the primary vehicle for publication of mutual evaluation reports and exchange of information with members and observers.

Amendments to the strategy also set out the parameters within which media enquiries may be dealt with by the Secretariat. The Secretariat may, without members' consent, answer enquiries relating to APG evaluation procedures and policies; refer to published reports and other open source material; and discuss regional ML and TF typologies. The Secretariat may also discuss general implementation challenges faced by jurisdictions within the region. Opinions on compliance with global AML/CFT standards by individual members will however require the prior consent of the jurisdiction enquired about. With the growing number of FATF documents received by the Secretariat the policy suggests exploring more efficient ways to distribute that information e.g. through other electronic means including the secure website.

Attendance at meetings, conferences and seminars 2007– 08

APG representatives and Secretariat staff made a number of important contributions to conferences, seminars training workshops and meetings during the year (as part of the Communications Strategy and Business Plan). Below is a list of those attendances:

FATF-Related Activities	APG Activities	Other
<ul style="list-style-type: none"> Joint FATF/APG ME of Singapore, Sep 07 FATF Plenary, Paris, Oct 07 FATF/APG Typologies Meeting Bangkok, Nov 07 Joint FATF/APG ME Hong Kong, China, Nov 07 FATF Plenary, Paris, Feb 08 Joint FATF/APG ME Japan, March 08 FATF Plenary, London, June 08 	<ul style="list-style-type: none"> APG Annual Meeting, July 07 High level mission to Pakistan, July 07 Assessor Training, Singapore, July/Aug 07 Myanmar pre-ME visit, August 07 ME Indonesia, Oct/Nov 07 ME Hong Kong, Nov 07 ME Myanmar, Jan 08 AML Donor Coordination meeting, Jakarta, Indonesia, Jan 08 High level mission, Timor-Leste, Feb 08 Joint APG/IMFME Palau, March 08 Pre-ME Training, Wellington, NZ March 08 TA&T mission, Tonga, March 08 ME workshop for domestic coordinators, Singapore, March 08 TA&T needs assessment, Pakistan, April 08 IIWG Pilot Workshop, Kuala Lumpur, Malaysia, April 08 Pacific NPO Workshop, Fiji, April 08 TA&T Mission, Sri Lanka, May 08 Pre-ME mission, Bangladesh & Pakistan, May 08 TA&T Mission, Nepal, May 08 	<ul style="list-style-type: none"> Philippines Prosecutors course, Sept 07 AMLAT, Strategy Group Meeting, Fiji, Nov 07 MOSC China, Nov 07 Financial Services AML & CTF Summit, Nov 07 ComSec Workshop for Prosecutors, Sri Lanka, Nov 07 ASEAN coordination meeting Jakarta, Jan 08 Malaysian Prosecutors Information Session, April 08 AFP MOSC, Singapore, May 08 New Zealand Financial Crimes course, Wellington, May 08 AMLAT, Strategy Group Meeting, Australia, May 08 Forum Regional Security Council Meeting, Fiji, June 08

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 strategic Goal 2 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 in 2007–08. 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.



APG Workshop for Malaysian Prosecutors on money laundering, terrorism financing and proliferation financing in Kuala Lumpur, Malaysia, April 2008 (Bank Negara Malaysia presenting)

Some of the events and training courses attended by APG Secretariat staff as trainers and lecturers during the year included:

- A training course for Philippine prosecutors in Subic Bay, Philippines (September 2007) funded by the European Union;
- A training session for senior Sri Lankan prosecutors in Colombo, Sri Lanka (November 2007) funded by the Commonwealth Secretariat and the US Office of Technical Assistance;
- An information session for senior Malaysian prosecutors in Kuala Lumpur, Malaysia (April 2008) funded by Malaysia's Bank Negara and Attorney-General's Chamber;
- An information session for senior New Zealand policy advisers in Wellington, New Zealand (April 2008) funded by the New Zealand Ministry of Justice; and
- A Financial Crimes Course for over 120 participants from government and private industry in Wellington, New Zealand, funded by the New Zealand Police.

During 2007-08, the APG participated as a FATF Associate Member in three FATF plenary and working group meetings (in Paris and London), as well as the joint

FATF/APG Typologies Meeting held in Bangkok in November 2007 (see section later in this report on this event).

The APG also strengthened working relationships with relevant multilateral bodies including the PIFS, ADB, UNODC, European Commission, IMF, World Bank, Commonwealth Secretariat, Egmont Group of FIUs, Interpol, World Customs Organization (WCO), and the OCO. The APG also supported the applications of two FSRBs (CFATF and MENAFATF) to become FATF Associate Members.

The APG continued to participate in the FATF Membership Contact Groups for India and Korea in order to assist those APG members to achieve membership of the FATF. Both Korea's and India's applications are progressing and the APG hopes to see these jurisdictions join the FATF soon. When that occurs, the number of joint APG/FATF members would climb to nine and would contribute the ever-growing ties between the FATF and APG. As noted elsewhere in this report Korea will undergo a joint mutual evaluation with the FATF and APG in November 2008 as part of their membership requirements to join 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.



Co-Chair Commissioner Keelty (2nd from right) chairing proceedings during examination of joint FATF/APG report on Hong Kong, China

Mutual Evaluations



APG evaluation team (right) meet Myanmar officials Yangon, January 2008

Mutual evaluations are a core APG responsibility. The mutual evaluation programme is designed to test members' compliance with the global standards and to identify weaknesses and make appropriate recommendations to improve weaknesses.

17 mutual evaluation reports have now been published and may be downloaded from the APG website.

The APG began its first round of evaluations in March 2000 and completed it at the APG's 2005 Annual Meeting. A second round of evaluations (using the FATF's 2004 Assessment Methodology) commenced immediately following that meeting.

Evaluations in 2007- 2008

Six APG jurisdictions were assessed or evaluated in 2007-08 either jointly with other assessor bodies or by the APG as follows:

- Canada (with FATF);
- Singapore (with FATF);
- Hong Kong, China (with FATF);
- Palau (with IMF);
- Indonesia; and
- Myanmar.

The first three reports had previously been adopted in earlier FATF plenaries. Under APG procedures, however, they were re-examined and discussed by the APG. Following questions and discussion with members and observers the reports were adopted. Palau was an IMF report conducted with the participation of the APG. The APG also agreed on a change to mutual evaluation procedures in relation to adoption of joint reports in the future.



APG evaluation team with Indonesian officials in Jakarta, Indonesia, November 2007

Indonesia and Myanmar were APG evaluations whose on-site visits were conducted in late 2007/early 2008. With some amendments recommended, these reports were accepted and adopted by the membership.

In addition, the on-site mission for the joint FATF/APG evaluation of Japan took place in March 2008. This evaluation will be considered by the APG at our 2009 Annual Meeting. Experts from the following jurisdictions contributed to the APG's mutual evaluations this year: Australia; Canada; the Cook Islands; Hong Kong, China; India; Indonesia; Japan; Korea; Malaysia; Mongolia; New Zealand; Pakistan; Philippines; Singapore; Switzerland; United Kingdom; and the United States.

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

Building on the success of last year, the 2008 Annual Meeting agenda set aside additional 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.

A number of benefits have been identified with this process including, ensuring that the membership is kept informed through lively discussion of each member's implementation action since their mutual evaluation and ensuring that other members are free to test the information in each Progress Report by robust questioning. Members have provided the secretariat with positive feedback on this agenda item. This procedure will continue at next year's Annual Meeting.

Mutual evaluations and training in the upcoming year

A full programme of mutual evaluations is planned for 2008–09, with on-site evaluation visits planned for Bangladesh (August 2008); the Philippines (September/October 2008); Korea (November 2008); Vietnam (November 2008); Pakistan (December 2008); the Cook islands (February 2009) and New Zealand (April 2009).



37 participants from 14 countries attended the APG Assessor Training course at the IMF Training Institute, Singapore, August 2007

Assessor training courses during the year have produced a pool of qualified assessors in all fields necessary for evaluations (legal, financial/regulatory and law enforcement). APG Secretariat staff, together with experts from the International Monetary Fund (IMF), World Bank, Canada and the Financial Action Task Force Secretariat, conducted intensive mutual evaluation training for thirty-three legal, financial/regulatory and law enforcement representatives from 20 APG member jurisdictions in August 2007. The training was conducted at the IMF-Singapore Regional Training Institute. The workshop was sponsored by the IMF (with funds generously provided by the Canadian Government). The APG thanks the Canadian Government, all participants, presenters, the IMF, and the staff of the STI for their support for this important training

session. In addition, a number of APG experts were able to attend FATF assessor training courses during the year.

Nevertheless, there is a continuing need for more trained assessors. Hence, a similar Assessor Training Workshop is currently planned for August 2008. As part of a more focused approach to assessor training, and in accordance with a procedural amendment agreed in Bali, experts nominated for this workshop will be asked to formally commit to participating in an APG evaluation in the following 12 – 24 months.



36 participants from 7 countries attended the domestic coordinator training for jurisdictions about to be evaluated at the IMF Training Institute, Singapore, March 2008

As well as training for assessors, during the year the APG designed a new training package for jurisdictions about to undergo a mutual evaluation in the ensuing 12 months. The workshop was conducted from 17 to 20 March 2008 at the IMF's Singapore Training Institute, with sponsorship from AusAID and the IMF. Bangladesh, Cook Islands, Korea, New Zealand, Pakistan, the Philippines and Vietnam participated in the training. The purpose of the training was to inform APG member jurisdictions how better to coordinate and respond to the obligations involved in an evaluation. The training was targeted at those individuals who have been appointed as national coordinator (or primary contact point) for their own mutual evaluation, as well as persons with legal, financial and law enforcement (including FIU) responsibilities appointed to assist the coordinating authority to prepare for the visit.



Participants in the new ME training course (front: Korean delegation)

Lectures and training were provided by experts from the International Monetary Fund, the UK's Financial Services Authority, the US Department of the Treasury, the World Bank and the APG Secretariat. The APG will conduct similar training early next year for APG jurisdictions to be evaluated in late 2009 to late 2010.

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

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*.

Typologies work involves the study of methods and trends of money laundering and terrorist financing. Since its commencement, the APG has undertaken extensive typologies research and analysis and filed Annual Typologies Reports 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.

Key strategies to achieve Goal 4 include maintaining and enhancing the APG's typologies programme and conducting an annual APG Typologies Workshop. The APG also cooperates with global typologies partners, including the private sector and the FATF. An APG Typologies Workshop is currently being planned for Colombo, Sri Lanka in October 2008.

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. As of July 2008, the Working Group is chaired by Malaysia. The work and outcomes of the APG Typologies Workshop 2007, is described below.

Joint FATF/APG Typologies Workshop 2007

The 2007 Typologies Workshop was the first joint workshop held with the FATF. It was hosted by Thailand in Bangkok from 28 to 30 November 2007 and was attended by over 250 delegates, representing 52 jurisdictions and 12 international and regional organisations.



Prime Minister of Thailand,
His Excellency General
Surayud Chulanont (ret.)

The workshop was opened by a key note address by the (then) Prime Minister of Thailand, His Excellency General Surayud Chulanont (ret). In his opening remarks the Prime Minister stated that, "We are required to understand and keep up with emerging methods and typologies and anticipate new ones so that we can always be one step ahead of the criminals. What is certain is that one country alone cannot secure much success, as those involved in money laundering and terrorist financing do not keep their operations within the national borders of countries, but instead prosper on the increasingly borderless nature of financial transactions."

In that vein, the workshop dealt with a number of emerging issues including:

- Money laundering threat analysis strategies;

- Weapons of mass destruction and proliferation financing
- Vulnerabilities in the gaming and casino sector; and
- Vulnerabilities of on-line commerce.

The Joint FATF/APG Typologies Workshop, for the first time, included a small number of representatives from the private sector. Their views were sought on a number of priority issues including proliferation financing, and vulnerabilities of on-line commerce.

Private sector agencies included The Bank of Tokyo-Mitsubishi UFJ, HSBC, Ebay and PayPal. Their presence proved highly successful.



Casinos and Gaming breakout session, chaired by New Zealand Typologies Workshop, Bangkok, November 2007

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 Malaysia (incoming Chair); New Zealand (outgoing Chair); Australia; Canada; Chinese Taipei; Cook Islands; Fiji; Hong Kong, China; India; Indonesia; Japan; Korea; Pakistan; Palau; Philippines; Thailand; United States; ADB; IMF; and the World Bank.

The APG Typologies Report 2008 was published in July 2008 and provides an overview of methods and trends of money laundering and terrorist financing in the APG region over the last two years. The report includes over 100 short case studies of money laundering and terrorist financing from across the region. The case studies



Joint Typologies Working Group Representatives, Bangkok, November 2007

include 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. It is hoped that the Report will be distributed widely to APG stakeholders in particular to law enforcement and the financial sector. A copy of the Report is available on the APG website at: <http://www.apgml.org>.

New Zealand is continuing to lead the joint APG/FATF typologies project on vulnerabilities in the casino sector. The project team will finalise its report in late September 2008. The report will be presented to the APG Typologies Workshop and FATF Typologies Working Group meetings in October 2008. The report is expected to be published in early November 2008.

The 2008 APG Typologies Workshop will be held in Colombo, Sri Lanka from 27 to 29 October 2008. Key topics will include presentation of the findings of the recent work on vulnerabilities in gaming and casinos sector, proceeds of crime issues, terrorist financing case studies and vulnerabilities in the securities sector.

Joint FATF/APG Corruption/Money Laundering Project

In 2005 the FATF and APG established a project group to carry out a preliminary study of the links between corruption and money laundering/terrorist financing. As part of this project, the APG engaged two consultant academics to provide a detailed report on those links. In September 2007 the consultants submitted their final report to the APG and FATF and presented the final report to the October 2007 FATF plenary and then to the APG plenary in July 2008. Some of the key recommendations made in the report include increasing connections within APG jurisdictions between AML/CFT institutions (such as the FIU) and anti-corruption bodies and establish a money laundering/corruption typology exercise. The report also recommends that jurisdictions implement anti-corruption measures and awareness within FIUs to insulate them from political interference.

APG members unanimously agreed at the 2008 Annual Meeting to establish a standing typologies agenda item for corruption/AML issues and to integrate many of the report recommendations within the TA&T framework. The Typologies Workshop scheduled to be held in Sri Lanka in October 2008 will have a corruption-related agenda item for the first time.

Pacific NPO Workshop

The Pacific Islands Regional Workshop on the Regulation of Non-Profit Organisations (NPOs) was held from 21 – 24 April in Nadi, Fiji and was attended by 29 participants from 13 Pacific Island jurisdictions.



29 participants from 13 Pacific Island jurisdictions attended the Pacific Islands Regional Workshop on NPOs in Nadi, Fiji, 21 - 24 April 2008

The Workshop was hosted by the APG, the International Monetary Fund, the Anti-Money Laundering Assistance Team (AMLAT) and the Pacific Anti-Money Laundering Project (PALP) and co-funded by the IMF, AMLAT and PALP.

The Charities Commission for England and Wales (UKCC) presented the bulk of the presentations. But presentations were also made by the Fiji Red Cross, the Pacific Islands Association of NGOs (PIANGO), the Cook Islands Association of NGOs (CIANGO), the International Centre for Not-for-Profit Law (ICNL) and the APG Secretariat.

The objectives of the workshop were to provide participants with knowledge and practical strategies to strengthen the NPO sector against terrorist financing, money laundering and other financial fraud, and assist participating jurisdictions to implement SR VIII.



Delegates from Federated States of Micronesia, Fiji, Palau, Vanuatu and Papua New Guinea during plenary



Delegates from Samoa, Niue, Nauru and PIFS/PALP during breakout session

The workshop focussed on sharing information and experiences, international best practice and practical advice on the regulation of NPOs, including ways to encourage and enforce compliance and effective self-regulation.

By the end of the workshop (which consisted of a series of lectures and breakout working sessions) the participants had gained an in-depth understanding of risks and vulnerabilities in their individual NPO sectors and had developed a draft national action plan for their own jurisdiction.

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). Malaysia and Canada co-chaired the IIWG in 2007-08.

This year was a very successful year for the IIWG. The SIP Framework project group, completed its work (jointly with the World Bank) on developing and piloting the Strategic Implementation Planning (SIP) Framework – a detailed multi-template planning document to assist in the prioritizing and implementing recommendations made in a mutual evaluation report.

The project group consisted of:

- Malaysia (co-chair);
- Canada (co-chair);
- World Bank;
- Australia; and
- APG Secretariat.

Malaysia hosted the IIWG workshop in Kuala Lumpur in April 2008. 40 participants from Bangladesh, Cambodia, Mongolia, Nepal and Vanuatu trialled the draft framework document with assistance from experts from the project group to facilitate discussion and application in a trial context.



40 participants from Bangladesh, Cambodia, Mongolia, Nepal and Vanuatu attended the SIP Pilot Workshop in Kuala Lumpur, Malaysia April 2008

Funding for this pilot workshop was provided by Australia, Canada, Malaysia and the World Bank.

As a result of this intensive workshop, the planning framework was significantly improved for final approval and roll-out by the APG. The APG membership adopted the final SIP Framework at the 2008 Annual Meeting and endorsed a roll-out strategy which includes a workshop to raise awareness amongst TA&T providers and up to three in-country missions to provide post mutual evaluation strategic planning assistance based on the SIP Framework.

8. Technical Assistance and Training

Strategies developed and activities undertaken to achieve Goal 6 of the Strategic Plan 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;
- 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;
- Facilitating cooperation in, and supporting the design, development and delivery of, AML/CFT technical assistance activities and training programmes in collaboration with donors and providers; and
- Building on our close cooperation with global partners to address specific issues and supporting the role of private sector technical assistance and training delivery.

During 2007-08, 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 these goals.

2008 APG Annual Forum on Technical Assistance and Training

The 2008 Annual Forum on Technical Assistance and Training (TA&T) was held in July 2008 concurrently with the Annual Meeting and consisted of several sessions including:

- Donor and Provider (DAP) Group meetings to discuss TA&T programmes and related assistance;
- An open session for members to deliver material on new products and training;
- Three technical seminars covering a range of topics including: establishing an effective AML/CFT supervisory regime; investigating and tracing proceeds of crime and terrorist assets; and forfeiture and confiscation issues for prosecution agencies;
- Individual sessions with 22 jurisdictions to discuss TA&T needs;
- Sub-regional meetings with ASEAN members (plus Mongolia) under the auspices of the Coordinating Agreement between ASEAN and APG Secretariats; members of the Pacific Islands Forum; and members of the South Asia sub-regional group of jurisdictions.



APG DAP Group Meeting

In order to support the coordinated delivery of assistance, an updated version of the TA&T Needs Matrix was prepared prior to the Forum. Participating jurisdictions and DAP Group members undertook to provide further updates to identify outstanding and on-going TA&T needs.

Positive feedback was received on the value of the 2008 Forum. The individual sessions with jurisdictions where donors were able to make significant progress toward identifying needs and coordinating the delivery of assistance to a number of priority jurisdictions was particularly well received.

The DAP Group has planned a further meeting to be held in Sydney, Australia in mid-September 2008 to follow up on lessons learned in Bali.

Other highlights

During the last year the APG conducted a number of outreach missions, TA&T missions and pre-Mutual Evaluation visits to key members including Bangladesh, Indonesia, Myanmar, Nepal, Pakistan, Sri Lanka, Timor-Leste and Tonga. These missions included in-country workshops and meetings, as well as video conferencing.



APG Technical Assistance and Training Mission,
Kathmandu, Nepal, May 2008

The APG continued its involvement in the World Bank Capacity Enhancement Program for South East Asia jurisdictions, including Mongolia, in order to assist jurisdictions and provide them with the tools to enhance their efforts in building an AML/CFT regime. The APG also contributed to various regional and international forums including:

- AMLAT Strategic Priorities Review Group meetings;
- Pacific Island Forum – Forum Regional Security Council meeting; and
- FATF plenary meetings.

At a regional level, a further highlight was the establishment by the APG of a sub-regional coordination mechanism in the Greater Mekong Sub-region (Cambodia, Lao PDR, Myanmar and Vietnam), coordinated by the UNODC/World Bank in-country mentor.

Funding Assistance from Canadian Government 2007-08

From March 2007 to September 2008 the Canadian Department of Foreign Affairs and International Trade (DFAIT) provided funding exceeding AUS\$500,000 to continue the APG's programme of technical assistance and training. This funding was secured with the support and advice of Canada's Department of Finance.

During this period a significant amount of work was able to be started and completed including:

- Development of an APG TA&T Strategy;

- Support and delivery of two successful annual APG Technical Assistance and Training Forums;
- In-country needs assessments of priority jurisdictions;
- Enhancing national coordination mechanisms;
- Developing in-country and regional TA &T donor coordination mechanisms;
- Contributing CFT expertise at various regional technical assistance and training activities; and
- Collaboration with donors and providers in the successful delivery and support TA&T programmes that meet the needs of priority jurisdictions.

Details of some of the more significant achievements resulting from the funding have been highlighted above.

Funding Assistance from United States Government 2008-09

The US Department of State provided funding assistance for the APG's technical assistance and training programme for the upcoming year 2008-09 in the amount of approx \$AUS 80,000 (exchange equivalent).

These funds are targeted for up to eight technical assistance and training missions to priority APG jurisdictions to assist with establishing or enhancing existing national AML/CFT coordination frameworks and mechanisms at the strategic and operational levels.

These funds will greatly assist the APG to achieve its technical assistance and training objectives in the upcoming year and are very welcome.

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. As at 30 June 2008, the staffing of the Secretariat was as follows:

Dr Gordon Hook	Executive Secretary
Eliot Kennedy	Deputy Secretary
David Shannon	Principal Executive Officer
Cecilia Marian	Manager, Technical Assistance and Training
Lindsay Chan	Executive Officer
Helen Newell	Project Officer, Business Support and Events
Jennifer Ford	Project Officer, Technical Assistance and Training
Marnie Campbell	Executive Assistant
Elle Mladenovic	Administrative Assistant

Japanese Customs Secondment to Secretariat - 2008

The Japanese Government has graciously offered to place a senior Customs Service official with the Secretariat as a Senior Project Officer for two years commencing October 2008 to assist the office with completing its work programme. The Secretariat is currently finalising these arrangements with the Australian Government. This will be a significant contribution from Japan to the Secretariat and will greatly assist the

Secretariat to meet its business objectives over the next two years. This secondment will come at no cost to the wider membership.

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:

Address:

2nd floor, 110 Goulburn Street
Sydney, New South Wales 2000
AUSTRALIA

Telephone: +61 2 9286 4383

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Email: mail@apgml.org

Website: www.apgml.org

Postal:

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

Budget and Financial Statements

Summary of budget outcomes for 2007–08

A core budget for 2007–08 of AU\$1,299,297 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 required a minimum contribution of AU\$5,532.

Members noted at the 2007 Annual Meeting that the core budget would partially recognise the self-funding of the Manager, Technical Assistance and Training (formerly a consultant), and that this would require additional funding beyond 2007–08. In addition, the core budget would not, of itself, enable the APG to meet fully the work detailed in the 2007-2008 Business Plan. Members agreed therefore 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 costs of the APG's agreed work programme.

The budget outcomes for the period 1 July 2007 to 30 June 2008, based on the audited financial reports (**Annex D**) provided to the APG Secretariat are as follows:

- the APG commenced the financial 2007–08 year with net assets of AU\$213,842;
- total income for the year was AU\$2,163,692, with AU\$1,534,313 coming from APG members in required contributions, arrears and voluntary contributions, and AU\$629,379 in other revenue and gains;
- total expenditure for the year to 30 June 2008 from all revenue sources was AU\$2,032,480, 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 2007–08 was a surplus AU\$131,212;
- after adjustments, the APG had net assets of AU\$344,104 as at 30 June 2008.

A copy of the financial statements for 2007-08 is at **Annex D**.

External support

The following agencies supported the work of the APG during 2007-08 and their considerable support is acknowledged:

- the Australian Agency for International Development (AusAID): sponsorship of AU\$570,000 over three years, including AU\$266,297 in 2007-08, in sponsorship funding for the 2007 APG Annual Meeting, the 2007 APG Typologies Workshop, the APG's Implementation Issues Working Group, the joint APG/FATF AML-Anti-Corruption Project Group, and the March 2008 mutual evaluation preparation workshop;
- Canadian Department of Foreign Affairs and International Trade (DFAIT): AU\$215,297 (the second year of an 18 - 20 month funding initiative) in support of the APG's technical assistance and training programme;

- Australian Government (AU\$162,779) and New Zealand Government (AU\$30,000) in voluntary donations; and
- Australian Federal Police, Australian Government (AU\$143,546): provision of accommodation and support services to the APG Secretariat.

Budget for 2008–09

A 'core' budget for 2008–09 of AU\$1,475,000 was approved and adopted at the 2008 Annual Meeting, an increase of 13.5%. In addition to an essential increase to keep pace with inflation, increases were approved primarily to:

- (i) consolidate into the core budget the full cost of the Manager, TA&T staff position (previously funded using external funds); and
- (ii) reflect the fact that the APG's two current main sources of 'external' funding (Canadian DFAIT and AusAID) are due to expire in mid-to-late 2008.

10. Future directions and priorities

The APG Strategic Plan 2006-09 is the strategic operating framework for the APG's core functions. It expires in 2009 but will need to be re-issued as the membership determines in July 2009 for another three year term (to match the expiry of the current APG Mandate). During the coming year, the Co-Chairs, Steering Group and Secretariat will prepare a draft Strategic Plan for members' discussion and adoption.

The APG Annual Business Plan 2008–09 outlines the APG's work programme in detail for next year. The key tasks for the 2008– 09 year include:

- APG Annual Meeting and Annual Forum on Technical Assistance & Training in mid-2009;
- Typologies Meeting in Colombo, Sri Lanka in October 2008;
- 36 newly trained APG assessors at the APG Mutual Evaluation Training Workshop in August 2008;
- 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 work with the FATF Working Group on Evaluation and Implementation (WGEI) to disseminate the Strategic Implementation Planning (SIP) Framework to other FATF Style Regional Bodies (FSRBs), and with DAP Group members to roll-out the SIP Framework to three targeted APG jurisdictions;
- the IIWG will continue to enhance and add to its implementation resource library;
- APG will support the Typologies Framework for collection, analysis and dissemination of typologies information and encourage close collaboration with the FATF Typologies Working Group;

- 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 programmes 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 programmes for legal/financial and law enforcement sectors).

This is not an exhaustive list of activities planned for 2008/09 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.

Details of the APG work programme are contained in the Annual Business Plan available on the APG web site (www.apgml.org) under the “documents” section.

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 programme 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 programme.</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>
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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>
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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 programme 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 programmes 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</p>

	<p>integration of the AML/CFT global standards with the 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>
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Goal 6	Strategies
<p><i>Support and expand the APG's technical assistance and training programme 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
- The Financial Action Task Force on Money Laundering has adopted Eight Special Recommendations on 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.

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 programme;
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 are 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 programme 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 programme 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.

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ANNEX C: 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

APG member	Date of on-site evaluation visit	Adoption of final report
2005 – 06		
Australia (<i>jointly with FATF</i>)*	March 2005	2006 Annual Meeting
United States (<i>jointly with FATF</i>) *	November 2005 & January 2006	2006 Annual Meeting
Samoa (<i>jointly with OGBS</i>) *	February 2006	2006 Annual Meeting
Fiji Islands (<i>World Bank</i>) *	February - March 2006	2006 Annual Meeting
Vanuatu (<i>jointly with OGBS</i>) *	February - March 2006	2006 Special Plenary
Sri Lanka *	February - March 2006	2006 Annual Meeting
2006 – 07		
Macao, China (<i>jointly with OGBS</i>) *	December 2006	2007 Annual Meeting
Mongolia *	December 2006	2007 Annual Meeting
Malaysia (<i>including Labuan IOFC</i>) *	January – February 2007	2007 Annual Meeting
Chinese Taipei *	January – February 2007	2007 Annual Meeting
Cambodia (<i>World Bank</i>) *	February – March 2007	2007 Annual Meeting
Thailand (<i>IMF</i>) *	February – March 2007	2007 Annual Meeting
2007 – 08		
Canada (<i>jointly with FATF</i>) *	March 2007	2008 Annual Meeting
Singapore (<i>jointly with FATF</i>) *	September 2007	2008 Annual Meeting
Indonesia *	October – November 2007	2008 Annual Meeting
Hong Kong, China (<i>jointly with FATF</i>) *	November 2007	2008 Annual Meeting
Myanmar *	January 2008	2008 Annual Meeting
Palau (<i>IMF</i>)	March 2008	2008 Annual Meeting
2008 – 09		
Japan (<i>jointly with FATF</i>)	March 2008	2009 Annual Meeting
Bangladesh	August 2008	2009 Annual Meeting
Philippines (<i>World Bank/APG</i>)	September – October 2008	2009 Annual Meeting
Korea, Republic of (<i>jointly with FATF</i>)	November 2008	2009 Annual Meeting
Vietnam	November 2008	2009 Annual Meeting
Pakistan (<i>World Bank/APG</i>)	December 2008	2009 Annual Meeting
Cook Islands (<i>jointly with OGBS</i>)	February 2009	2009 Annual Meeting

* Full report has been published on the APG website

2009 – 10		
New Zealand (<i>jointly with FATF</i>)	April 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	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

ANNEX D:
AUDIT REPORT AND FINANCIAL STATEMENTS 2007-08

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 2008.

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 2008 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

A handwritten signature in dark ink, appearing to read 'S. Stanford', with a long horizontal line extending to the left.

Selina Stanford
Director

30 September 2008



Asia/Pacific Group
on Money Laundering

Asia/Pacific Group on Money Laundering

**Financial Statements
for the Year Ended 30 June 2008**

ASIA/PACIFIC GROUP ON MONEY LAUNDERING
STATEMENT BY THE CHIEF EXECUTIVE

In my opinion, the attached financial statements for the year ended 30 June 2008 are 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.

A handwritten signature in black ink, appearing to read 'G. Hook', with a stylized flourish at the end.

Gordon Hook
Executive Secretary
APG Secretariat
30 September 2008

ASIA/PACIFIC GROUP ON MONEY LAUNDERING
INCOME STATEMENT

for the year ended 30 June 2008

	Notes	2008 \$	2007 \$
INCOME			
Revenue			
Contributions from members	3A	1,534,313	1,306,573
Other contributions	3B	453,268	344,694
Other revenues	3C	32,565	-
Total revenue		2,020,146	1,651,267
Gains			
Other gains	3D	143,546	138,025
Total gains		143,546	138,025
TOTAL INCOME		2,163,692	1,789,292
EXPENSES			
Employee benefits	4A	1,200,005	936,461
Depreciation and amortisation	4B	1,099	51
Suppliers	4C	310,697	355,057
Travel	4D	520,679	565,320
TOTAL EXPENSES		2,032,480	1,856,889
OPERATING RESULT			
		131,212	(67,597)

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

ASIA/PACIFIC GROUP ON MONEY LAUNDERING
BALANCE SHEET
as at 30 June 2008

	Notes	2008 \$	2007 \$
ASSETS			
Financial Assets			
Cash	5A	666,573	701,291
Receivables	5B	<u>150,455</u>	<u>207,136</u>
Total Financial Assets		<u>817,028</u>	<u>908,427</u>
Non-Financial Assets			
Infrastructure, plant and equipment	6A	1,200	3,249
Other non-financial assets	6C	<u>16,898</u>	<u>-</u>
Total Non-Financial Assets		<u>18,098</u>	<u>3,249</u>
TOTAL ASSETS		<u>835,126</u>	<u>911,676</u>
LIABILITIES			
Payables			
Suppliers	7A	46,620	105,623
Other payables	7B	<u>170,953</u>	<u>377,746</u>
Total Payables		<u>217,573</u>	<u>483,369</u>
Provisions			
Employee provisions	8A	<u>273,449</u>	<u>214,465</u>
Total Provisions		<u>273,449</u>	<u>214,465</u>
TOTAL LIABILITIES		<u>491,022</u>	<u>697,834</u>
NET ASSETS		<u>344,104</u>	<u>213,842</u>
EQUITY			
Reserves		(950)	-
Retained surpluses / (accumulated deficits)		<u>345,054</u>	<u>213,842</u>
TOTAL EQUITY		<u>344,104</u>	<u>213,842</u>
Current Assets		833,926	908,427
Non-current Assets		1,200	3,249
Current Liabilities		454,900	681,812
Non-current Liabilities		36,122	16,021

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 2008

Item	Accumulated Results		Asset Revaluation Reserves		Total Reserves		TOTAL EQUITY	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance	213,842	281,439	-	-	-	-	213,842	281,439
Adjusted Opening Balance	213,842	281,439	-	-	-	-	213,842	281,439
Revaluation adjustment	n/a	n/a						-
Subtotal income and expenses recognised directly in equity	n/a	n/a						-
Net Operating Result	131,212	(67,597)	n/a	n/a	n/a	n/a	1	(67,597)
Sub-total Income and Expenses	131,212	(67,597)					130,262	(67,597)
Closing balance as at 30 June	345,054	213,842	(950)	-	(950)	-	344,104	213,842
Closing balance attributable to the Australian Government	345,054	213,842	(950)	-	(950)	-	344,104	213,842

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

ASIA/PACIFIC GROUP ON MONEY LAUNDERING
CASH FLOW STATEMENT
for the year ended 30 June 2008

	Notes	2008 \$	2007 \$
OPERATING ACTIVITIES			
Cash received			
Contributions and other receipts		<u>1,915,054</u>	<u>1,446,689</u>
Total Cash received		<u>1,915,054</u>	<u>1,446,689</u>
Cash used			
Employees		1,141,022	831,540
Suppliers and other payments		<u>808,750</u>	<u>764,960</u>
Total Cash used		<u>1,949,772</u>	<u>1,596,500</u>
Net Cash From / (Used By) Operating Activities	9	<u>(34,718)</u>	<u>(149,811)</u>
Cash used			
Purchase of property, plant and equipment		<u>-</u>	<u>3,300</u>
Net Increase or (Decrease) in Cash Held		(34,718)	(153,111)
Cash and cash equivalents at the beginning of the reporting period		<u>701,291</u>	<u>854,402</u>
Cash and cash equivalents at the End of the Reporting Period	5A	<u>666,573</u>	<u>701,291</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 2008

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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 Report

The Australian Federal Police hosted the APG for the year ended 30 June 2008 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 2007)*; and
- Australian Accounting Standards and Interpretation issued by the Australian Accounting Standards Board that apply for the reporting period.

The financial report has been prepared on an accrual basis and is in accordance with historical cost convention, except for certain assets, which, as noted, are at fair value. 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.

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 Significant Accounting Judgement and Estimates

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.

Notes to and forming part of the Financial Statements

1.4 Statement of Compliance

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

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

The following new standard are applicable to the current reporting period:

Financial instrument disclosure

AASB 7 *Financial Instruments: Disclosures* is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7 requires greater disclosure than that previously required. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will affect the disclosure presented in future financial reports.

The following new standards, amendments to standards or interpretations for the current financial year have no material financial impact on Asia/Pacific Group on Money Laundering.

AASB 7 *Financial Instruments: Disclosures*

AASB 101 *Presentation of Financial Statements* (issued October 2006)

AASB 1048 *Interpretation and Application of Standards* (reissued September 2006)

AASB 2005-10 *Amendments to Australian Accounting Standards* [AASB 1, 4, 101, 114, 117, 132, 133, 139, 1023, 1038]

AASB 2007-1 *Amendments to Australian Accounting Standards arising from AASB interpretation 11* [AASB 2]

AASB 2007-4 *Amendments to Australian Accounting Standards arising from ED 151 and other amendments*

AASB 2007-5 *Amendments to Australian Accounting Standard - Inventories Held for Distribution by Not-for-Profit Entities* [AASB 102]

AASB 2007-7 *Amendments to Australian Accounting Standards* [AASB 1, 2, 4, 5, 107, 128]

AASB 2008-4 *Amendments to Australian Accounting Standard - Key Management Personnel Disclosures by Disclosing Entities* [AASB124]

ERR Erratum *Proportionate Consolidation* [AASB 101, AASB 107, AASB 121, AASB 127, Interpretation 113]

Interpretation 10 *Interim Financial Reporting and Impairment*

Interpretation 11 *AASB Group and Treasury Share Transactions*

Interpretation 1003 *Australian Petroleum Resource Rent Tax*

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

AASB 3 *Business Combinations*

AASB 8 *Operating Segments*

AASB 101 *Presentation of Financial Statements* (issued September 2007)

AASB 123 *Borrowing Costs*

AASB 127 *Consolidated and Separate Financial Statements*

Notes to and forming part of the Financial Statements

AASB 1004 *Contributions*

AASB 1049 *Whole of Government and General Government Sector Financial Reporting*

AASB 1050 *Administered Items*

AASB 1051 *Land Under Roads*

AASB 1052 *Disaggregated Disclosures*

AASB 2007-2 *Amendments to Australian Accounting Standards arising from AASB Interpretation 12* [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]

AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*

AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123*

AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*

AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31* [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137]

AASB 2008-1 *Amendments to Australian Accounting Standards - Share-based Payments: Vesting Conditions and Cancellations* [AASB 2]

AASB 2008-2 *Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation* [AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2]

AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* [AASBs 1,2,4,5,7,101,107, 112,114, 116, 121,128,131,132,133,134,136,137,138 & 139 and Interpretation 9 & 107]

Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*

Interpretation 4 *Determining Whether an Arrangement Contains a Lease*

Interpretation 12 *Service Concession Arrangements*

Interpretation 13 *Customer Loyalty Programmes*

Interpretation 14 *AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

Interpretation 129 *Service Concession Arrangements Disclosures*

Interpretation 1038 *Contributions by Owners Made To Wholly-Owned Public Sector Entities*

Other

The following standards and interpretations have been issued but are not applicable to the operations of Asia/Pacific Group on Money Laundering.

AASB 1049 Whole of Government and General Government Sector Financial Reporting

AASB 1049 specifies the reporting requirements for the General Government Sector. The FMOs does not apply to this reporting or the consolidated financial statements of the Australian Government.

1.5 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

Notes to and forming part of the Financial Statements

- 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 impairment allowance. Collectability of debts is reviewed at balance date. An impairment allowance is made when collectability of the debt is no longer probable.

1.6 Gains

Resources Received Free of Charge

Resources received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

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 or Authority as a consequence of a restructuring of administrative arrangements.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

1.7 Employee Benefits

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 2007. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

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.

Notes to and forming part of the Financial Statements

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.

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 and cash equivalents means notes and coins held and any deposits with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.9 Financial Assets

The Asia/Pacific Group on Money Laundering classifies its financial assets as 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon 'trade date'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets 'at fair value through profit or loss'.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

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 the Income Statement.

Notes to and forming part of the Financial Statements

1.10 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities were recognised and derecognised upon 'trade date'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.11 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.12 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.

1.13 Property, Plant and Equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

The fair value for infrastructure, plant and equipment is determined as shown below:

<i>Asset Class</i>	<i>Fair value measured at</i>
Infrastructure, plant and equipment	Market selling price and depreciated replacement cost

Following initial recognition at cost, property, plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Notes to and forming part of the Financial Statements

Revaluation adjustments are made on a class by class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through operating result. Revaluation decrements for a class of assets are recognised directly through operating result except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciation property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the APG using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to plant and equipment are based on the following useful lives:

	<u>2008</u>	2007
Plant and Equipment	1 to 25 years	max. 15 years

1.14 Taxation

The Agency is exempt from all forms of taxation except fringe benefits tax (FBT) 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.

1.15 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

	2008	2007
	\$	\$
Note 3: Income		
Note 3A: Contributions from members		
Members contributions		
Afghanistan	5,532	4,800
Australia	270,000	266,921
Bangladesh	7,554	6,829
Canada	151,677	128,444
Brunei Darussalam	5,532	4,800
Cambodia	5,532	4,800
Chinese Taipei	53,200	49,041
Cook Islands	5,532	4,800
Fiji Islands	5,532	4,800
Hong Kong, China	41,074	38,471
India	90,410	75,766
Indonesia	34,557	29,996
Japan	220,880	187,000
Korea	100,800	86,851
Lao PDR	5,532	-
Macau, China	5,532	4,800
Malaysia	19,000	16,704
Marshall Islands	5,532	4,800
Mongolia	5,532	4,800
Myanmar	5,532	4,800
Nauru	5,532	-
Nepal	5,532	4,800
New Zealand	61,875	50,664
Niue	5,532	4,800
Pakistan	12,914	10,898
Palau	5,532	4,800
Philippines	12,075	10,782
Samoa	5,532	4,800
Singapore	33,926	30,057
Sri Lanka	5,532	4,800
Solomon Islands	5,532	750
Thailand	22,698	19,849
Tonga	5,532	4,800
United States	291,033	220,000
Vanuatu	5,532	4,800
Vietnam	5,532	750
Total member contributions	1,534,313	1,306,573

Notes to and forming part of the Financial Statements

	2008	2007
	\$	\$

Note 3B: Other contributions

AusAID Sponsorship Funding	237,971	111,706
Canadian Department of Foreign Affairs & International Trade	<u>215,297</u>	<u>232,988</u>
<i>Total other contributions</i>	<u><u>453,268</u></u>	<u><u>344,694</u></u>

Note 3C: Other revenues

Cost Recovery	<u>32,565</u>	-
<i>Total other revenues</i>	<u><u>32,565</u></u>	<u><u>-</u></u>

Note 3D: Other gains

AFP - Resources Received Free of Charge	<u>143,546</u>	138,025
<i>Total other gains</i>	<u><u>143,546</u></u>	<u><u>138,025</u></u>

Notes to and forming part of the Financial Statements

	2008	2007
	\$	\$

Note 4: Expenses

Note 4A: Employee benefits

Wages and salaries	924,805	644,234
Superannuation		
Defined contribution plans	38,049	17,722
Defined benefit plans	116,003	110,845
Leave and other entitlements	68,669	151,877
Other employee expenses	52,479	11,783
Total employee benefits	1,200,005	936,461

Note 4B: Depreciation and amortisation

Other infrastructure, plant and equipment	1,099	51
Total depreciation	1,099	51

Note 4C: Supplier expenses

Temporary Employee Services/Consultants & Recruitment	125,705	174,022
Legal and audit fees	7,000	6,000
Advertising	1,351	16,352
Postage & Freight	996	88
Currency Fluctuations	232	267
Other Expenses	16,949	(2,524)
Conferences	-	669
Office Equipment & Data Communications	22,599	24,142
Office Requisites/Printing of APG Documents	3,649	3,327
Motor Vehicle	3,525	10,715
Workers Compensation Premiums	4,100	2,200
Property Expenses	124,591	119,799
Total other expenses	310,697	355,057

Note 4D: Travel expenses

APG Annual Meeting - Staff Travel	29,210	29,112
APG Sponsorship Mutual Evaluation	58,054	131,731
Secretariat Staff APG Typologies	19,719	41,808
Secretariat Staff APG Mutual Evaluations	75,773	42,008
TA Consultant and Secretariat Staff Missions	84,207	92,683
Secretariat Staff FATF Meetings	68,445	139,233
Secretariat Staff Domestic Meetings	5,860	8,908
Overseas APG Sponsored Attendees	179,411	79,837
Total travel expenses	520,679	565,320

Notes to and forming part of the Financial Statements

	2008	2007
	\$	\$

Note 5: Financial Assets

Note 5A: Cash

Special Account	<u>666,573</u>	<u>701,291</u>
Total cash	<u>666,573</u>	<u>701,291</u>

All cash recognised is a current asset.

Note 5B: Trade and other receivables

GST receivable from the Australian Taxation Office	1,604	2,627
Goods and services	148,851	149,629
Other receivables	<u>-</u>	<u>54,880</u>
Total trade and other receivables (net)	<u>150,455</u>	<u>207,136</u>

All receivables are current assets.

Receivables (gross) are aged as follows:

Current	<u>88,984</u>	<u>83,393</u>
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
More than 90 days	<u>61,471</u>	<u>123,743</u>
Total receivables (gross)	<u>150,455</u>	<u>207,136</u>

Note 6: Non-Financial Assets

Note 6A: Infrastructure, plant and equipment

Infrastructure, plant and equipment:		
- at cost	<u>1,200</u>	<u>3,249</u>
Total infrastructure, plant and equipment (non-current)	<u>1,200</u>	<u>3,249</u>

Notes to and forming part of the Financial Statements

Note 6B: Analysis of Property, Plant and Equipment

TABLE A - Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2007-08)

Item	Other IP&E \$	Total \$
As at 1 July 2007		
Gross book value	3,249	3,249
Accumulated depreciation/amortisation	-	-
Opening net book value	3,249	3,249
Additions:		
By purchase	-	-
Revaluations and impairments through equity	(950)	(950)
Reclassifications	-	-
Depreciation/amortisation expense	(1,099)	(1,099)
Impairments recognised in the operating result	-	-
Other movements	-	-
Disposals:		
Other disposals	-	-
Net book value 30 June 2008	1,200	1,200
As at 30 June 2008		
Gross book value	1,200	1,200
Accumulated depreciation/amortisation	-	-
Closing net book value	1,200	1,200

Notes to and forming part of the Financial Statements

TABLE B - Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2006-07)

Item	Other IP&E \$	Total \$
As at 1 July 2006		
Gross book value	-	-
Accumulated depreciation/amortisation	-	-
Opening net book value	-	-
Additions:		
By purchase	3,300	3,300
From acquisition of operations (including restructuring)	-	-
Revaluations and impairments through equity	-	-
Reclassifications	-	-
Depreciation/amortisation expense	(51)	(51)
Impairments recognised in the operating result	-	-
Other movements	-	-
Disposals:		
Other disposals	-	-
Net book value 30 June 2007	3,249	3,249
Net book value as of 30 June 2007 represented by:		
Gross book value	3,249	3,249
Accumulated depreciation/amortisation	-	-
Closing net book value	3,249	3,249

Notes to and forming part of the Financial Statements

2008	2007
\$	\$

Note 6C: Other non-financial assets

Prepayments

<u>16,898</u>	<u>-</u>
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Total Prepayments

<u>16,898</u>	<u>-</u>
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All other non-financial assets are current assets.

Notes to and forming part of the Financial Statements

	2008	2007
	\$	\$

Note 7: Payables

Note 7A: Suppliers

Trade creditors	112	51,598
Accrued expenses	<u>46,508</u>	<u>54,025</u>
Total suppliers payable	<u>46,620</u>	<u>105,623</u>

All supplier payables are current liabilities.

Settlement is usually made net 30 days.

Note 7B: Other payables

Unearned revenue	<u>170,953</u>	<u>377,746</u>
Total other payables	<u>170,953</u>	<u>377,746</u>

All other payables are current liabilities.

Note 8: Provisions

Note 8A: Employee provisions

Salaries and wages	56,533	7,790
Leave	214,902	205,678
Superannuation	<u>2,014</u>	<u>997</u>
Total employee provisions	<u>273,449</u>	<u>214,465</u>
Employee provisions are represented by:		
Current	237,327	191,705
Non-current	<u>36,122</u>	<u>22,760</u>
Total employee provisions	<u>273,449</u>	<u>214,465</u>

The classification of current amount for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date are \$69,518 (2007: \$9,122), and in excess of one year \$203,931 (2007: \$205,343)

Notes to and forming part of the Financial Statements

2008	2007
\$	\$

Note 9: Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Balance Sheet to Statement of Cash Flows

Report cash and cash equivalent as per:

Cash Flow Statement	666,573	701,291
Balance Sheet	<u>666,573</u>	<u>701,291</u>
Difference	<u>-</u>	<u>-</u>

Reconciliation of operating result to net cash from / Used by) operating activities:

Operating Result	131,212	(67,596)
Depreciation and amortisation	1,099	51
(Increase) / decrease in receivables	56,681	(72,692)
(Increase) / decrease in prepayments	(16,898)	-
Increase / (decrease) in employee provisions	58,983	104,921
Increase / (decrease) in payables	(59,002)	(6,611)
Increase / (decrease) in unearned revenue	<u>(206,793)</u>	<u>(107,884)</u>
<i>Net cash from / (used by) operating activities</i>	<u>(34,718)</u>	<u>(149,811)</u>

Notes to and forming part of the Financial Statements

Note 10: Contingent Liabilities and Assets

The APG has no known contingencies

Note 11: Senior Executive Remuneration

	2008	2007
The number of executives who received or were due to receive total remuneration of \$130,000 or more:		
\$145 000 to \$159 999	-	1
\$310 000 to \$324 999	<u>1</u>	<u>-</u>
Total	<u>1</u>	<u>1</u>
The aggregate amount of total remuneration of executives shown above.	\$319,431	\$147,689
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.	Nil	Nil

The above remuneration includes the total value of the salary component, the total amount payable by way of employer's contribution or salary sacrifice to any superannuation scheme to which the employee may be a contributor, the total value of non-cash benefits elected under the package including relocation expense and home purchase and sale expenses and the total amount payable by way of fringe benefits tax for any non-cash benefits such as rental assistance and motor vehicle expenses.

Note 12: Remuneration of Auditors

	2008	2007
	\$	\$
The cost of financial statement audit services provided to the Asia/Pacific Group on Money Laundering were	<u>7,000</u>	<u>6,000</u>
	<u>7,000</u>	<u>6,000</u>

Note 13: Average Staffing Levels

	2008	2007
The average staffing levels during the year were:	<u>8</u>	<u>6</u>

Notes to and forming part of the Financial Statements

	2008	2007
	\$	\$

Note 14: Financial Instruments

Note 14A: Categories of financial instruments

Financial Assets

Loans and receivables		
Cash and cash equivalents	666,573	701,291
Trade receivables	148,851	149,629
Other receivables	-	54,880
Carrying amount of financial assets	815,424	905,800

Financial Liabilities

Supplier and other payables		
Trade Creditors	46,620	105,623
Carrying amount of financial liabilities	46,620	105,623

Note 14B: Fair value of financial instruments

The carrying value of all financial instruments in the balance sheet approximate fair value.

Note 14C: Credit risk

The APG's exposure to credit risk is minimal and relates to trade receivables. The APGML has endorsed policies and procedures for debt management to reduce the incidence of credit risk on trade receivables.

The following table illustrates Asia/Pacific Group on Money Laundering gross exposure to credit risk, excluding any collateral or credit enhancement

Financial assets		
Trade receivables	148,851	149,629
Total	148,851	149,629

The APG holds no collateral to mitigate against credit risk

Credit quality of financial instruments not past due or individually determined as impaired

	Past due or impaired	Past due or impaired
Trade Receivables ¹	61,471	123,743
Total	61,471	123,743

¹ The credit risk on the APGs trade receivables is considered minimal. All Trade Receivables are considered recoverable.

Ageing of financial assets that are past due but not impaired for 2008

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
Trade receivables	-	-	-	61,471	61,471
Total	-	-	-	61,471	61,471

Ageing of financial assets that are past due but not impaired for 2007

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
Trade recievables	-	-	-	123,743	123,743
Total	-	-	-	123,743	123,743

Notes to and forming part of the Financial Statements

2008 2007
\$ \$

Note 14D: Liquidity risk

The APG is a Commonwealth agency that is primarily budget funded and has internal policies and procedures in place to ensure budget funded resources are available to meet its financial obligations as and when they fall due. As such, the APG's exposure to liquidity risk is not significant.

The following tables illustrates the maturities for financial liabilities

	On demand 2008	within 1 year 2008	1 to 5 years 2008	> 5 years 2008	Total 2008
Trade creditors	-	46,620	-	-	46,620
Total	-	46,620	-	-	46,620

	On demand 2007	within 1 year 2007	1 to 5 years 2007	> 5 years 2007	Total 2007
Trade Creditors	-	105,623	-	-	105,623
Total	-	105,623	-	-	105,623

Notes to and forming part of the Financial Statements

Note 15: Special Accounts

Financial Action Task Force - Asia Pacific Group Secretariat Account	2008	2007
	\$	\$
Legal Authority: <i>Financial Management and Accountability Act 1997; s20</i> Appropriation: <i>Financial Management and Accountability Act 1997; s21</i> Purpose: For expenditure relating to providing secretariat support in relation to the detection and prevention of money laundering in the Asia Pacific region and carrying out activities that are incidental to this purpose.		
Balance carried forward from previous year	701,29	854,402
Appropriation for reporting period	-	-
Costs recovered	1,907,653	1,446,689
GST credits (FMA Act s30A)	15,095	-
Realised investments	-	-
Other receipts	-	-
Total credits	2,624,039	2,301,091
Payments made	1,957,466	1,599,800
Balance carried to next period	666,573	701,291
<i>Represented by:</i>		
Cash at Bank	666,573	701,291
Balance carried to the next period	666,573	701,291

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