



Asia/Pacific Group
on Money Laundering

ASIA/PACIFIC GROUP ON MONEY LAUNDERING

ANNUAL REPORT 1 JULY 2008 – 30 JUNE 2009

(incorporating outcomes from 12th Annual Meeting in July 2009)

SEPTEMBER 2009

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APG ORGANISATIONAL STATEMENTS

VISION	A pro-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 terrorist financing 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	<p>To achieve the APG's Mission, the APG will:</p> <ol style="list-style-type: none"> 1. Provide a strong, cohesive and autonomous regional body for APG members and observers. 2. Actively participate in, and co-operate with, the global AML/CFT network. 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 terrorist financing 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. Provide coordination, advisory services and information-sharing for technical assistance and training.

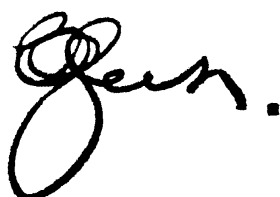
CERTIFICATION BY CO-CHAIRS

In accordance with the unanimous Asia/Pacific Group on Money Laundering (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 APG for the period 1 July 2008 to 30 June 2009.

The *Organisational Statements* at the front of this report are taken from the APG's new Strategic Plan 2009-2012. However, this report cites and highlights our achievements against the goals and strategies contained in the previous Strategic Plan for 2006-2009 which expired on 30 June 2009.

This report includes independently audited financial statements.

2 September 2009



Commissioner Mick Keelty
Co-Chair
Australia



Mr Ong Hian Sun
Co-Chair
Singapore

OUTLINE OF THIS REPORT

This Annual Report of the APG reports on the achievement of objectives and delivery of outputs from 1 July 2008 to 30 June 2009 (incorporating outcomes at the 12th Annual Meeting in July 2009).

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 2.

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 12th Annual Meeting in Brisbane, Australia in July 2009 including the admission of new members and the adoption of seven Mutual Evaluation (ME) reports, namely: Japan, Korea, Bangladesh, the Philippines, Vietnam, the Cook Islands and Pakistan.

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 seven APG mutual evaluations – including two joint Financial Action Task Force (FATF)/APG evaluations, one joint APG/Offshore Group of Banking Supervisors (OGBS) evaluation and two World Bank led evaluations. 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 2008 APG Typologies Workshop in Colombo, Sri Lanka 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 (IIWG) and the finalisation of the Strategic Implementation Planning (SIP) Framework and the Implementation Library for Consolidation of Lessons Learned.

Section 8

Technical Assistance and Training (TA&T) 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 2009 Annual Forum on TA&T conducted during the 2009 Annual Meeting in Brisbane, Australia.

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 2008-09.

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, 2009-2010, with an emphasis on our core functions of mutual evaluations (including evaluator training), TA&T, and typologies projects.

ANNEXES – Audit Report and Financial Statements

Annex C contains the Independent Audit Report and audited Financial Statements of the APG for the period 1 July 2008 to 30 June 2009 by Ascent Audit Pty Ltd., 29 September 2009.

ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
ADB/OECD	Asian Development Bank/Organisation for Economic Co-operation and Development
ACAMS	Association of Certified Anti-Money Laundering Specialists
AFP	Australian Federal Police
AGD	Attorney-General's Department (Australia)
AHTCC	Australian High Tech Crime Centre
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
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
CDD	Customer Due Diligence
CDPP	Commonwealth Director of Public Prosecutions
CFATF	Caribbean Financial Action Task Force
CFT	Countering the Financing of Terrorism
COAG	Coordination Agreement
COAMLI	Coordinating Office for the Pacific Anti-Money Laundering Initiative
CTCB	Counter Terrorism Capacity Building
DAP	Donors and Providers
DFAIT	Department of Foreign Affairs and International Trade (Canada)
DFAT	Department of Foreign Affairs and Trade (Australia)
Egmont	Egmont Group of Financial Intelligence Units
EU	European Union
FATF	Financial Action Task Force
FBI	Federal Bureau of Investigation (United States of America)
FIU	Financial Intelligence Unit
FSAP	Financial Sector Assessment Programme
FSRB	FATF-Style Regional Body
GAFISUD	Grupo de Acción Financiera de Sudamérica (Financial Action Task Force of South America Against Money Laundering)
ICRG	International Cooperation Review Group
IIWG	Implementation Issues Working Group
IMF	International Monetary Fund
INTERPOL	The International Criminal Police Organization
InWENT	Internationale Weiterbildung und Entwicklung (Capacity Building International, Germany)
MENAFATF	Middle East and North Africa Financial Action Task Force
Moneyval	The Committee of Experts on the Evaluation of Anti-Money Laundering Measures
MOSC	Management of Serious Crime
NCC	National Coordination Committee to Counter Money Laundering
NPO	Non-Profit Organisation
OCO	Oceania Customs Organisation
OFC	Offshore Financial Centre

OGBS	Offshore Group of Banking Supervisors
OTA	Office of Technical Assistance
PFTAC	Pacific Financial Technical Assistance Centre
PIFS	Pacific Islands Forum Secretariat
PILDAT	Pakistan Institute of Legislative Development and Transparency
SE	South East
SIP	Strategic Implementation Planning
STRs	Suspicious Transaction Reports
TA&T	Technical Assistance and Training
UNODC	United Nations Office on Drugs and Crime
WCO	World Customs Organization
WGEI	Working Group on Evaluation and Implementation

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APG CO-CHAIRS' FOREWORD



Commissioner Mick Keelty



Director Ong Hian Sun

A number of terrorist attacks in the APG region, both last year and this year, have highlighted the continuing threat posed by terrorist financing in our region. Although we move from a successful year to the challenges posed in another, these senseless attacks underscore the need for continued vigilance and action in spite of our successes.

In this vein and on behalf of the entire membership we would like to express our gratitude to the US State Department; New Zealand's Pacific Security Fund and Asia Security Fund; and to Canada's Counter Terrorism Capacity Building Programme for substantial voluntary grants that have allowed us to accelerate some of our technical assistance and training (TA&T) in the coming year. These funds will assist key members to identify and address systemic terrorist financing vulnerabilities and to enhance their domestic anti-money laundering and countering the financing of terrorism (AML/CFT) systems.

This Annual Report highlights the major achievements of the APG during the reporting year. As can be seen from this report it was a busy year for the APG. In a brief 12-month period we conducted:

- 27 APG-related activities (including 5 mutual evaluations with assessor bodies other than the FATF, over 10 technical assistance missions, 6 strategic implementation planning missions and a very successful Typologies Workshop);
- 8 FATF-related activities (including 2 joint FATF/APG mutual evaluations, 3 plenaries and an inter-sessional working group meeting); and
- 11 outreach/educational activities including with the private sector.

In addition, the APG expanded from 38 to 40 fully active members.

This Annual Report brings to a close the strategic framework within the APG's Strategic Plan 2006-2009. The membership adopted a new Strategic Plan for the period 1 July 2009 to 30 June 2012 during the 12th Annual Meeting which was held in July 2009 in Brisbane. This new plan integrates the full range of TA&T objectives, (previously outlined in the separate Strategic TA&T Framework 2007-2009), within wider APG strategies and objectives. In doing so, members have recognised the need to ensure a more consolidated range of strategic and business reporting. In addition, our new Strategic Plan provides that we need to give considered thought to a fourth round of FATF evaluations. We will work closely with the FATF on what another round of mutual evaluations will mean for our members in our next mandate commencing at the end of 2012.

During the year we have forged an even closer relationship with the FATF through the FATF's International Cooperation Review Group (ICRG). The APG and the FATF will be co-chairing a regional review group over the coming months to examine important international cooperation issues in our region and to report to the FATF plenary in October 2009. This close cooperation with the FATF is no doubt a sign of things to come as the community of international AML/CFT bodies more closely integrates. We would like to congratulate Mr Paul Vlaanderen from the Netherlands who was recently appointed as the FATF President. Mr Vlaanderen's first official function as FATF President was to attend the 12th APG Annual Meeting where he delivered an address at the



**FATF President
Paul Vlaanderen**

opening ceremony. During his address he commented on the vital role the APG has in FATF work and the close relationship between our organisations due to our interlinked membership (eight FATF members are also APG members).

We are now an organisation consisting of 40 members and 23 observers (20 organisations and 3 observer jurisdictions). We have no hesitation in saying that we are the most active FATF-Style Regional Body in the world with a range of activities and programmes well in excess of other similar organisations. At the 12th Annual Meeting in Brisbane over 340 delegates were in attendance. Seven mutual evaluation reports were adopted, over 25 individual and plenary Donor and Provider Group meetings were convened and in excess of 100 policy and information papers were considered, making it the largest and busiest Annual Meeting to date.

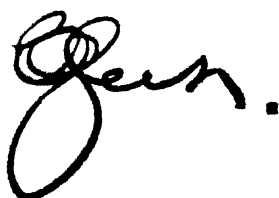
The APG region now covers one-third of the globe, including almost half the world's population. Our geographical region has the greatest diversity of legal systems, cultures, languages and religions in the world. It includes the world's largest economies and some of the smallest nations. This poses significant challenges, not the least of which is to the APG Secretariat. The Secretariat has assumed an enormous work burden over the last three years but has not increased in operational technical staff numbers since 2004. With the substantial work load currently on the Secretariat, our members need to give considered thought over the next year to increasing the number of senior technical and policy staff in the Secretariat in order to keep pace with the rapidly growing demands of our organisation.

In accordance with the APG Strategic Plan we will therefore be asking the Steering Group to look at the resource needs of the Secretariat in the next number of months to ensure that we can continue to operate as successfully as we have over the last three years.

On a final note, we congratulate Papua New Guinea for its recent admission as an APG member. Papua New Guinea will be an important member of the Pacific sub-regional group and another strategic partner in our regional efforts to combat serious financial crime. We also congratulate the People's Republic of China for reactivating its founding membership in the APG. China's joint membership in the FATF and APG means that the APG has another strong voice around the FATF table on policy that directly affects our entire membership. On behalf of our members we look forward to continuing our successes in the years ahead with our colleagues from China and our new colleagues from Papua New Guinea.

We wish all APG members success with your domestic AML/CFT implementation programmes over the coming year and look forward to seeing everyone at the next Annual Meeting in Singapore in July 2010, preparations of which are already underway.

2 September 2009



Commissioner Mick Keelty
Co-Chair
Australia



Mr Ong Hian Sun
Co-Chair
Singapore

EXECUTIVE SECRETARY'S REPORT



Dr Gordon Hook

As the Co-Chairs have stated, the APG is a busy organisation. Our core business continues to increase, not only to match our growing membership but to keep pace with the demands on our organisation from external agencies, such as the FATF.

The Year

We had a successful year with seven mutual evaluations, including jointly conducted evaluations with our strategic partners the FATF, the International Monetary Fund (IMF), the World Bank and the OGBS. The Secretariat values the very close alliance we have with these organisations. And so it is pleasing that the APG membership recently endorsed a recommendation to integrate the expertise of these organisations into our expert quality control group. Our relationship with these organisations is now fully reciprocal with respect to mutual evaluations. This will no doubt add value to the APG evaluation process as we move forward with completing our second round programme and start thinking about a new third round of evaluations after 2012.

We had a very productive Typologies Workshop in Colombo, Sri Lanka in October 2008. For the first time, a day was set aside for consultations and work with the private sector. This proved informative for our members, as well as the private sector participants, and so we intend to conduct similar consultations for the next Typologies Workshop in October 2009. Thank you to the Central Bank of Sri Lanka, in particular the Financial Intelligence Unit (FIU), for hosting this annual workshop.

Thank you also to Australia for hosting and organising the 12th Annual Meeting in Brisbane, Australia last July. During the plenary week the membership completed a large amount of work in a relatively short time frame and, in doing so, made some important decisions on each of our core functions; in relation to the status of some of our members and observers; and in relation to our corporate structure affecting the way we deliver services and advice to the membership. More information on the Typologies Workshop and Annual Meeting is contained in other parts of this report. Our Secretariat staff did an excellent job supporting the Annual Meeting in Brisbane and so I would like to sincerely thank them for all of their efforts.

The Future

With the global financial crisis affecting all aspects of our members' individual AML/CFT implementation efforts, the coming years will prove challenging for many. Our new Strategic Plan 2009-2012 provides an excellent framework within which to deliver our mission over the coming three years and to poise ourselves for a new mandate after 2012; and to think about what business we will have afterwards. With that in mind, the APG will be closely involved with the FATF in consultations on a new round of evaluations after 2012 and on international cooperation issues with the FATF's ICRG. These FATF initiatives will have consequences for our business and individually for our members over the coming three years and have added to our core work as signalled at the beginning of this report.

During the next year the Secretariat will be soliciting individual members to participate in FATF plenaries and working groups to widen the scope of APG participation in the standard-setting process. We will also be soliciting interest from individual APG members in TA&T missions planned for the year. In this regard the Secretariat extends its appreciation to Malaysia, particularly Bank Negara Malaysia, for its continued support of our TA&T programme by providing experts to lead key missions. We are hopeful that the "mission-model" developed with Malaysia over the last year will serve as a template for TA&T missions in the coming year with other APG members. With additional TA&T funding from voluntary contributions from

the United States, New Zealand and Canada we have an ambitious programme for the coming year which will require member support along the lines that Malaysia offered last year.

Secretariat Staff

I would like to extend my appreciation to the Government of Japan for placing an official with the Secretariat. Mr Hideaki Usami is a customs officer with the Japan Customs Service and has an interest in money laundering and terrorist financing typologies, specifically in relation to cross border currency movements. He was been seconded to the Secretariat for a fixed term effective November 2008.

Also, it seems as if we just said hello to Cecilia Marian, our Manager TA&T, and we are now saying good bye. Cecilia has decided to take up a consultancy position with the IMF in Washington DC effective 1 September 2009. We wish her the very best and no doubt in her new role we will be seeing her often.

Australian Government Organisations

The Australian Federal Police (AFP) hosts the APG Secretariat within the AFP Headquarters in downtown Sydney and provides administrative, IT, legal, finance, human resources and other essential services at no cost to APG members. On behalf of the APG membership I would like to thank the AFP for its generous support to the APG and to the Secretariat which represents a significant cost saving for the APG membership.

In particular, the Secretariat acknowledges the individual efforts of Eva Becos-Cole, Annette Douch and Michelle Gear from AFP headquarters in Canberra, Australia for the excellent administrative organisation and delivery of the APG Annual Meeting in Brisbane. Their efforts,



L to R: Eva Becos-Cole, Annette Douch, Michelle Gear

together with support by staff from the Australian Transaction Reports and Analysis Centre (AUSTRAC) seconded to the Secretariat in the lead up to the Annual Meeting and during the meeting, made this event one of the better organised annual meetings to date.

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, the Department of Foreign Affairs and Trade, and the Commonwealth Director of Public Prosecutions. The close relationship the Secretariat has with these organisations contributes to our organisational strengths.

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



Dr Gordon Hook
Executive Secretary

1. OVERVIEW OF THE APG

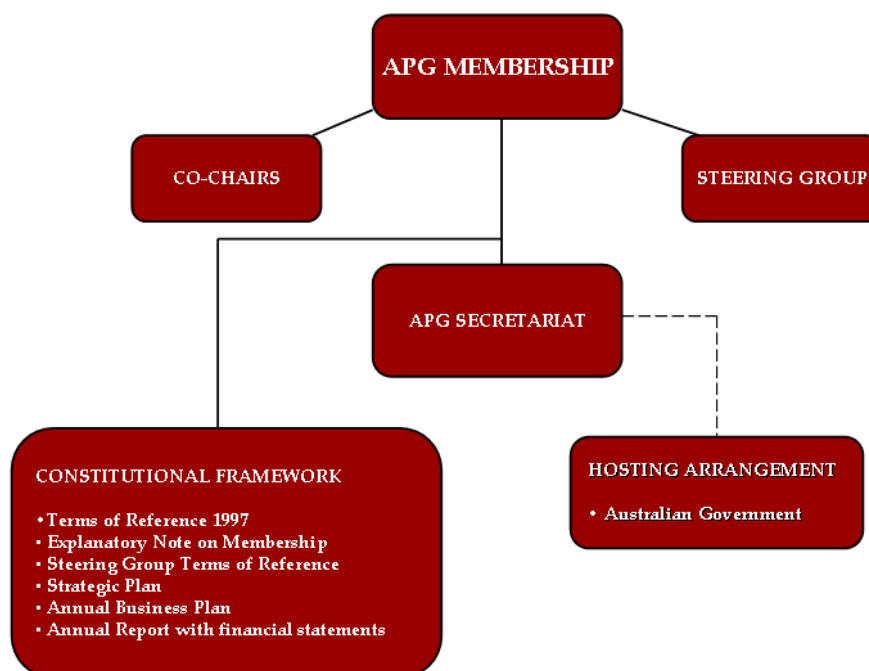
Background

The APG was officially established by formal Terms of Reference endorsed by 13 founding members in February 1997 at the 4th Asia/Pacific Money Laundering Symposium in Bangkok, Thailand. This was the culmination of a process of ‘awareness raising’ by the FATF in the Asia/Pacific region.

Structure of APG

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 among 40 members.

The following diagram outlines the basic constitutional and governance structure of the APG:



The four principal APG bodies are described below in order of importance:

Membership

The membership is the decision-making authority for the APG. It consists of 40 active members (see below for list) whose official delegates meet in plenary once a year at the APG Annual Meeting to discuss the APG's strategic directions and work programme including:

- Structure and operation of the APG (including its Terms of Reference, planning issues, budget etc);
- Mutual evaluations of members;
- Implementation issues of members;
- TA&T issues;
- Money laundering methods and counter-measures; and
- Special regional and international issues and developments of significance to all members.

Co-Chairs

Two Co-Chairs (one permanent and one rotating) are responsible for chairing APG meetings and providing strategic advice and direction to the membership. Australia, as host of the Secretariat, retains the permanent Co-Chair. Rotating Co-Chairs hold a two year term but have the same status and functions as the permanent chair.

Steering Group

Pursuant to the Steering Group's Terms of Reference, this body consists of one representative from each sub-regional group, the current Co-Chairs, the previous rotating Co-Chair, and (when known) the incoming rotating Co-Chair. The Steering Group considers governance and other issues of strategic importance referred by the Co-Chairs and membership; engages and consults with APG members in their sub-regional groups to obtain input on key issues; provides advice to the Co-Chairs and members through the Secretariat; and influences all APG members to effectively participate in APG activities, including leading or sponsoring specific APG projects.

APG Secretariat

The Secretariat acts as a focal point for the APG and provides support to the Co-Chairs, Steering Group and membership. The Secretariat organises mutual evaluations; coordinates TA&T; prepares financial statements, annual budgets, annual business plans and policy papers; and reports against all such activities to the membership including expenditure of APG funds. The Secretariat is hosted by the Australian Government in Sydney, Australia.

Purpose and Role of APG

The primary purpose of the APG is to facilitate the adoption, effective implementation and enforcement of the global AML/CFT standards comprised primarily of the FATF's 40+9 recommendations and special recommendations.

The core APG functions include:

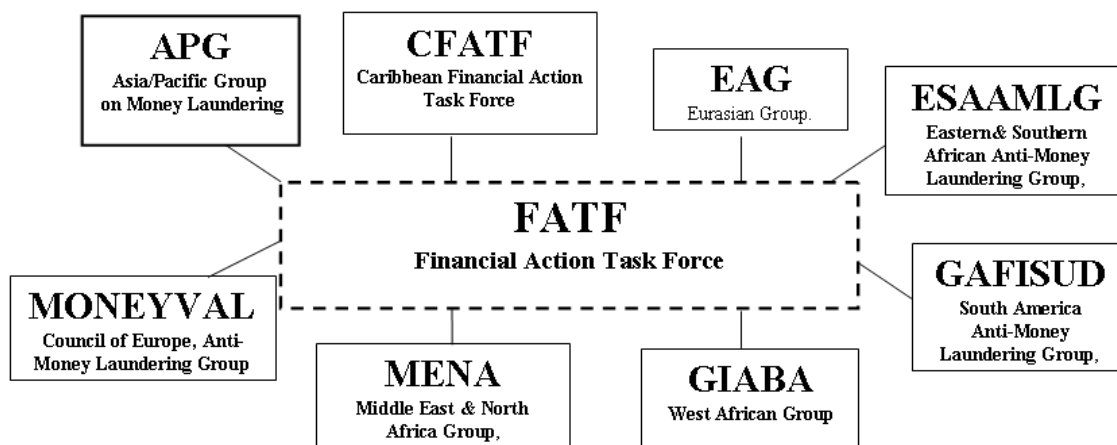
1. Assessing compliance with FATF standards by APG members within a mutual evaluation framework;
2. Co-ordinating TA&T to APG members; and
3. Carrying out education, research and analysis to enhance the understanding of money laundering typologies and the financing of terrorism environment as well as the global efforts against it.

The APG's purpose, mission and goals are further described in the APG's Strategic Plan (2009-2012) at **Annex A** which includes the APG Terms of Reference.

APG in the Strategic International and Regional Context

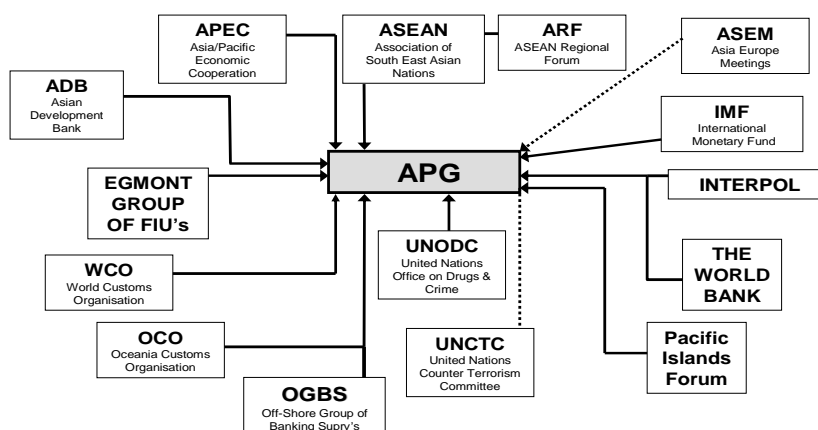
The APG is an important part of a global network of FSRBs, the FATF and the network of inter-governmental organisations. The following chart shows the place of the APG within that network:

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.

Potential members and observer jurisdictions must also have taken (or be actively taking) steps to develop, enact 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. With the admission of Papua New Guinea in December 2008, the APG has now expanded to 40 fully active members and three observer jurisdictions.

In addition, over 20 international organisations partake in APG work, most notably, the FATF, IMF, the World Bank, the Asian Development Bank (ADB), the Egmont Group of FIUs, the OGBS and the United Nations Office on Drugs and Crime (UNODC).

The following Members and Observers are part of the APG effective July 2009:

Members		Observers
1. Afghanistan	21. Myanmar	<u>Jurisdictions:</u>
2. Australia*	22. Nauru	1. France
3. Bangladesh	23. Nepal	2. Kiribati
4. Brunei Darussalam	24. New Zealand*	3. United Kingdom
5. Cambodia	25. Niue	
6. Canada*	26. Pakistan	<u>Organisations</u>
7. China, People's Republic of*	27. Palau	1. APEC Secretariat
8. Cook Islands	28. Papua New Guinea	2. ADB
9. Fiji Islands	29. Philippines	3. ADB/OECD
10. Hong Kong, China*	30. Samoa	4. ASEAN Secretariat
11. India**	31. Singapore*	5. CFATF
12. Indonesia	32. Solomon Islands	6. Commonwealth Secretariat
13. Japan*	33. Sri Lanka	7. Egmont Group
14. Korea, Republic of**	34. Chinese Taipei	8. FATF
15. Lao PDR	35. Thailand	9. GAFISUD
16. Macao, China	36. Timor Leste	10. IMF
17. Malaysia	37. Tonga	11. Interpol
18. Maldives	38. United States*	12. MENAFATF
19. Marshall Islands	39. Vanuatu	13. MONEYVAL
20. Mongolia	40. Vietnam	14. OCO
		15. OGBS
		16. PIFS
		17. PFTAC
		18. UNODC
		19. World Bank
		20. WCO

*Also FATF member

**Applied for FATF membership/currently FATF Observer

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 rotating Co-Chair position for 2010 to 2012 will be held by India by unanimous endorsement at the 12th Annual Meeting.

Co-Chair, Australia

The Australian Co-Chair position is held by Commissioner Mick Keelty who has served with the AFP for 35 years. Commissioner Keelty is Commissioner of the AFP 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 AFP 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 Federal Bureau of Investigation (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.

Commissioner Keelty has co-chaired the APG for seven years but is retiring from the AFP in September 2009. The new AFP Commissioner, Tony Negus, will assume the Australian Co-Chair in accordance with the APG's Terms of Reference.

Co-Chair, Singapore

Mr Ong Hian Sun formally assumed his Co-Chair appointment on 11 July 2008 at the APG's 11th Annual Meeting in Bali, Indonesia.



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.

2. APG 12TH ANNUAL MEETING, BRISBANE, AUSTRALIA

The 12th APG Annual Meeting was convened in Brisbane, Australia from 6 to 10 July 2009 at the Brisbane Convention and Exhibition Centre. The plenary was opened by Ms Maroochy Barambah, Songwoman of the Turrbal People. The Turrbal People are the traditional owners of the land on which our meeting took place.

The Australian Minister of Home Affairs, Hon Brendan O'Connor MP, expressed his respect to the Turrbal People and delivered the key note opening address during which he stated that, "our needs for regional and international cooperation are increasing and the APG provides an important forum to develop strong networks of contacts and lines of communication that will ensure enhanced future cooperation between member jurisdictions in the region."



**Minister of Home Affairs
Hon Brendan O'Connor MP**

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, TA&T initiatives, mutual evaluation reports, progress reports of APG members and to attend special technical seminars on emerging money laundering and terrorist financing issues. This year the technical seminars included presentations on:

- Implementation Issues for Small States (in particular, Pacific Islands members);
- AML/CFT Supervisory Issues in the Banking Sector and the Global Financial Crisis; and
- Politically exposed persons, and the link to corruption and money laundering.

Canada's Counter Terrorism Capacity Building Programme provided an important source of funds to sponsor priority APG members to send senior officials to attend this meeting. Outcomes of the APG meeting included the following:

- Papua New Guinea was formally acknowledged as the 40th member of the APG;
- Formal re-activation of the founding membership of the People's Republic of China;
- 7 mutual evaluation reports were adopted. These reports related to the evaluations of Japan, Korea, Bangladesh, the Philippines, Vietnam, the Cook Islands and Pakistan;
- The Annual TA&T Forum and DAP Group meetings were conducted including a series of 20 meetings with individual APG members and donor organisations/jurisdictions;
- A new Three-Year Strategic Plan was adopted by the membership for the period 2009 to 2012 which fully integrates AML/CFT TA&T priorities and initiatives previously provided for in a separate TA&T framework document;
- A new APG Business Plan for 2009-2010 containing a number of new initiatives for the upcoming year was adopted;
- The 2008-09 Typologies Report was endorsed; and
- A number of decisions about the structure and functioning of the APG and the Secretariat were made.



12th APG Annual Meeting in Brisbane, Australia during plenary session, July 2009

Mutual evaluation progress reports and jurisdiction reports (outlining key policy, technical and statistical information in relation to each member's domestic AML/CFT systems) were examined and discussed during the meeting. Interveners were pre-selected to ensure that APG members were carefully interrogated on their progress against the international standards. This is a critical component of the mutual evaluation follow-up process and ensures that all members are held accountable against those standards following a mutual evaluation. Work is currently underway for the next year to consider how to make this follow up process more effective.

These and other more specific technical items arising from the meeting are commented upon in more detail 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:

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

The APG's 2008-09 Business Plan outlined a number of tasks to achieve this strategy. These tasks included the following:



**340 international delegates attended the APG's 12th Annual Meeting
Brisbane Exhibition and Convention Centre, Brisbane, Australia, 6-10 July 2009
Canada's CTCB Program provided sponsorship funding for many delegates**

- Delivery of the APG Annual Meeting and Annual Forum on Technical Assistance & Training in Brisbane, Australia, DAP Group meetings, Working Group meetings, Steering Group meetings, and consideration of seven (7) mutual evaluation Reports;
- Delivery of the APG Typologies Workshop in Colombo, Sri Lanka;
- Meetings of the APG DAP Group; COAMLI (Coordinating Office for the Pacific Anti-Money Laundering Initiative); and the Association of South East Asian Nations (ASEAN) COAG (Coordination Agreement);
- A DAP Group meeting in Sydney, Australia, September 2008;
- A meeting with the ASEAN Secretariat pursuant to the ASEAN COAG in January 2009.
- The APG Steering Group continued to perform its advisory role for members and the Co-Chairs and in doing so held five (5) meetings, including one face-to-face meeting during the 2009 Annual Meeting; and
- APG membership was expanded to 40 fully active members.

These tasks were all achieved during the year; and some are commented on more fully throughout this report.

Other strategies included soliciting members for voluntary donations to assist in supporting the APG's programmes. New Zealand and the United States made significant voluntary contributions to the APG this last year to support TA&T activities. US funds were earmarked for priority jurisdictions primarily in the South East (SE) Asia and South Asia sub groups; while New Zealand funds were provided for assistance in SE Asia and the Pacific.

APG Steering Group

The APG Steering Group provides the Co-Chairs and membership with strategic advice on the structure, functioning and support of the APG. Steering Group representatives in 2008-09 were: Mongolia (North Asia); Solomon Islands (Pacific Islands); Sri Lanka (South Asia); Thailand (South East Asia); and Canada (Other).

The Steering Group held 6 meetings during the year including one face-to-face meeting on 6 July 2009 in Brisbane just prior to the Annual Meeting. Business items during the year included the approval of a draft Strategic Plan for comment by the membership; membership issues including the re-activation of China's founding membership and the status of an APG observer; 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 2009-2010 is:

- Co-Chair: Australia
- Co-Chair: Singapore
- Incoming Co-Chair: India
- North Asia: Chinese Taipei
- Pacific Islands: Vanuatu
- South Asia: Afghanistan
- South East Asia: Thailand
- Other: United States

The Steering Group has a number of new business items on its agenda for the coming year including, revising the APG budget formula; monitoring and supervising the ICRG sub-regional review process; considering options for the APG mandate beyond 2012; and considering options to increase effective participation by APG members on TA&T missions planned for the coming year.

APG Strategic Plan 2009-2012

The APG membership adopted a new three-year Strategic Plan for 2009-2012. The new plan is attached to this report as Annex A.

The new Strategic Plan builds on the lessons learned in implementing previous plans and also integrates the full range of TA&T objectives previously articulated in the separate Strategic TA&T Framework 2007-2009. Members adopted the latter plan one year after the previous Strategic Plan with the intention that it would be consolidated into the new Strategic Plan for 2009-2012 in order to consolidate and simplify annual business reporting against agreed TA&T objectives.

Our new framework will take us to end of our current mandate (2012) and provides at Goal 1, Strategy 1 that we will "undertake a process to decide whether to renew the APG's mandate beyond the end of 2012 and, if so, for how long." In thinking about this we have also set

ourselves a goal that we will “complete the second round of mutual evaluations and prepare for and commence a third round of mutual evaluations.” (Goal 3, Strategy 2). These strategies have been incorporated into the new Annual Business Plan for 2009-2010.

Information and Communications Strategy

The Secretariat receives a considerable number of requests for information on members each year from the media, organisations, academics and third party jurisdictions. Information requests range from copies of reports, presentations and policy papers considered at APG meetings, information on the status of AML legislation in our members, names of delegates who attend APG events and in some cases private information on individual delegates.

The amendment to the APG Information and Communications Strategy (highlighted below) was agreed by the membership at the 12th Annual Meeting to address a gap in relation to requests from third party jurisdictions for personal information held by the APG Secretariat on individual delegates.

INFORMATION CONFIDENTIAL

13. Information received by the APG Secretariat from members shall not be disseminated to third parties unless necessary for the proper functioning of the APG in accordance with the APG Strategic Plan and Annual Business Plans (e.g., communicating with donors and providers, filing of reports with APG members or agencies who have provided funding for a specific mission etc.).

14. Except as otherwise provided in this document - see paragraphs 28, 40, 42, and 45-49 - requests for information by persons, agencies, governments or organisations on the activities of specific APG members or observers that the Executive Secretary deems inappropriate or not necessary for the business activities of the APG, shall be denied.



APG media conference during Annual Meeting, July 2009

L to R: Neil Jensen (AUSTRAC); Ong Hian Sun (APG Co-Chair); Gordon Hook (APG Executive Secretary)

The new strategy is available on the APG website and is referred to as the APG Information and Communications Strategy 2009 and, together with the policies applicable to the Secretariat by the Australian government host agency, provides a comprehensive information and communications management framework.

Attendance at meetings, conferences and seminars 2008– 09

APG representatives and Secretariat staff made a number of important contributions to conferences, seminars training workshops and meetings during the year as follows:

FATF-Related Activities	APG Activities	Other
<ul style="list-style-type: none"> FATF Inter-sessional Working Group, Canada September 08 FATF Plenary, Brazil, October 08 FATF/APG ME, Korea, November 08 FATF Typologies Plenary, Monaco, November 08 FATF Plenary, Paris France, February 09 FATF/APG ME, New Zealand April 09 Korea (ME) Face-to-Face Meeting, Australia, May 09 FATF Plenary, Lyon, France June 09 	<ul style="list-style-type: none"> APG Annual Meeting, Indonesia, July 08 TA&T Workshop for FIUs, India, August 08 APG ME Assessor Training, Singapore August 08 APG ME, Bangladesh, August 08 TA&T Needs assessment, Maldives, August 08 SIP Workshop, Cambodia, August 08 TA&T/Asia Pacific Economic Cooperation (APEC) Workshop, Indonesia, October 08 APG Typologies Workshop, Sri Lanka, October 08 World Bank/APG ME, Philippines, October 08 APG ME, Vietnam, November 08 TA&T/AMLAT Needs Assessment, Timor-Leste, November 08 TA&T / National Coordination Committee (NCC) Workshops, Cambodia, December 08 TA&T Mission, Mongolia, November 08 SIP Workshop, Myanmar January 09 SIP Workshop, Indonesia, January 09 CFT Coordination Workshop, Indonesia, January 09 NCC Workshop, Lao PDR, January 09 World Bank/APG ME, Pakistan, Jan-Feb 09 APG/OGBS ME, Cook Islands, February 09 SIP Workshop, Palau March 09 ME Workshop, Brunei Darussalam, March 09 SIP Workshop, Vanuatu, May 09 NCC Workshop, Bangladesh, May 09 Pre-ME mission, Tonga, May 09 NCC Workshop – Vietnam, May 09 APG/World Bank Regional Workshop Indonesia, May 09 	<ul style="list-style-type: none"> Proceeds of Crime Strategy Group Meeting, New Zealand, October 08 APEC Conference, Indonesia, October 08 APEC Conference, Philippines, December 08 Management of Serious Crime (MOSC), Australia, February 09 New Zealand Ministry of Justice Meeting, New Zealand, March 09 AML/CFT Conference, Sydney Australia, April 09 AML/CFT Conference, Malaysia, April 09 Non-Profit Organisation (NPO) Workshop, India, March 09 Middle East and North Africa Financial Action Task Force (MENAFATF) Plenary, Bahrain, May 09 Egmont Plenary, Qatar, May 09 Australian High Tech Crime Centre (AHTCC) Conference, Australia, June 09

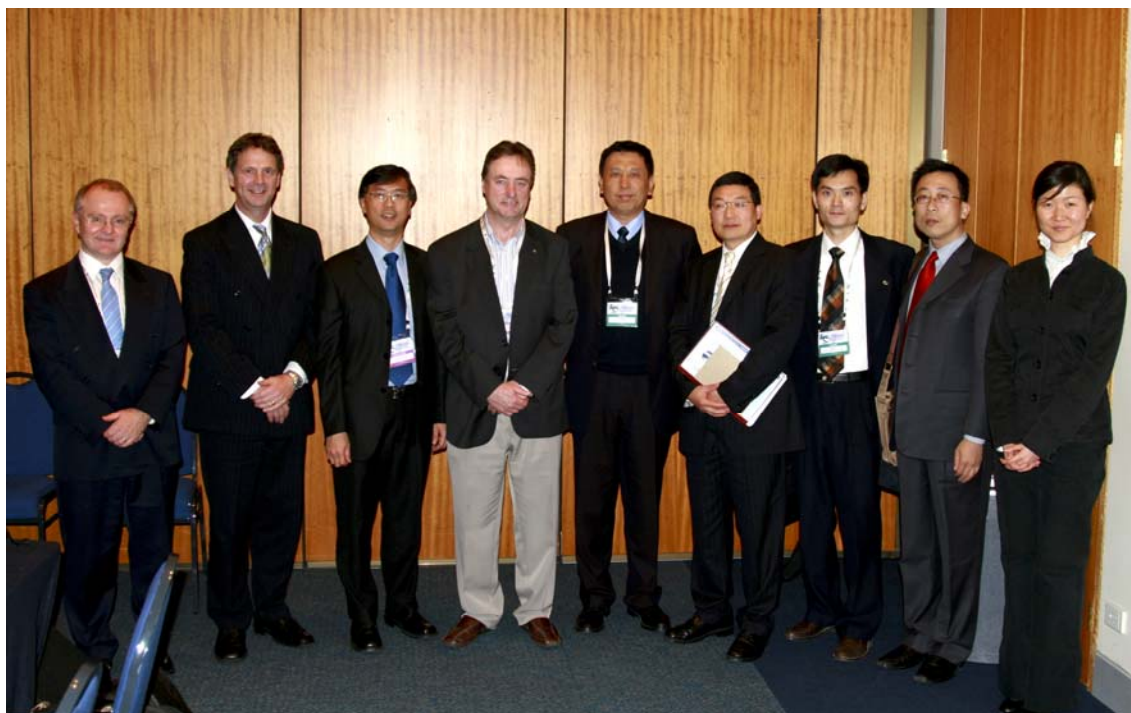
4. ACTIVELY PARTICIPATE IN, AND CO-OPERATE WITH, THE GLOBAL AML/CFT NETWORK

This section reports on progress made to achieve the APG's Strategic Plan Goal 2:

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 our 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 2008-2009. These events provided an excellent opportunity to promote the APG's work; to improve working relationships; to provide technical assistance; and to generally support the APG's mission.



APG Co-Chairs, Mr Ong Hian Sun and Commissioner Mick Keelty (3rd and 4th from left) with delegation from the People's Republic of China, 2009 Annual Meeting

During 2008-09, the APG:

- Participated as a FATF Associate Member in 3 FATF plenary and working group meetings as well as an inter-sessional meeting of the Working Group on Terrorist Financing and the Working Group on Evaluations and Implementation (WGEI) in September 2008;
- Participated in the MENAFATF Plenary meeting in May 2009 held in Bahrain. The Executive Secretary of the MENAFATF, Mr Adel Al Qulish, in turn, attended the APG Annual Meeting in Brisbane. This is the first time that the Executive Secretary of a FSRB has attended an APG meeting. The APG Secretariat will be encouraging other FSRB representatives to attend APG events in the coming year as part of the global strategy to consolidate common goals among these



**Executive Secretary
MENAFATF**

- international organisations and as part of the FATF's Associate Membership strategies;
- Strengthened working relationships with relevant multilateral bodies including the PIFS, ADB, UNODC, European Commission, IMF, World Bank, Commonwealth Secretariat, Egmont Group of FIUs, The International Criminal Police Organization (Interpol), World Customs Organization (WCO), and the Oceania Customs Organisation (OCO).

Joint FATF/APG Regional Groups on International Cooperation

During the last year the FATF's ICRG with the cooperation of all FSRBs established four joint regional groups to consider international cooperation issues. These regional groups are chaired jointly by the FATF and the relevant FSRB. The regions and co-chairs for each are:

- Asia/Pacific: Australia (FATF) and Malaysia (APG)
- Americas: Canada (FATF) and Argentina (GAFISUD)
- Africa/Middle East: United Kingdom (FATF) and Bahrain (MENAFATF)
- Europe/Eurasia: Spain (FATF) and Bulgaria (MONEYVAL)

The Asia/Pacific regional group will consider a number of relevant regional and international cooperation issues over the next year with a view to jointly reporting to the FATF at the upcoming three plenaries. These jointly established review groups follow the trend and the objective of closer FATF/FSRB cooperation within the context of Associate FATF Membership.

5. ENSURING COMPLIANCE WITH GLOBAL STANDARDS

This section briefly reports on progress made to achieve Goal 3 of the Strategic Plan:

ASSESS APG MEMBERS' COMPLIANCE WITH THE GLOBAL STANDARDS AGAINST MONEY LAUNDERING AND THE FINANCING OF TERRORISM

The APG meets the requirements of this strategic goal 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.



Pakistan delegates to 12th Annual Meeting

Mutual Evaluations

The APG's *Explanatory Note on Membership* requires members to commit to a mutual peer review system ("mutual evaluations") designed to test members' compliance with the global AML/CFT standards and to identify weaknesses and make appropriate recommendations to improve legal and

administrative weaknesses. To give effect to this mechanism, the APG membership annually adopts a schedule of programmed on-site visits.

The APG began its first round of mutual evaluations in March 2000 and completed it at the APG's 2005 Annual Meeting in Cairns, Australia. 22 first round evaluations were conducted during this time frame. Summaries of some of these reports are available on the APG's website. A second round of APG mutual evaluations (pursuant to FATF's 2004 Assessment Methodology) commenced immediately following the first round and is expected to be

completed in 2012. By that time, 40 reports will have been adopted and published by the membership. 26 reports have already been adopted/published by the APG in its second round - see: <http://www.apgml.org/documents/>.

Evaluations in 2008- 2009

Seven APG members were evaluated in 2008-2009, namely:

- Bangladesh;
- Cook Islands;
- Japan;
- Korea;
- Pakistan;
- The Philippines; and
- Vietnam.



Joint APG/FATF mutual evaluation team, Wellington, New Zealand, March 2009

In addition, New Zealand had an onsite evaluation visit in early 2009 by a joint FATE/APG evaluation team but the report will not be considered by the APG until the 2010 Annual Meeting in order to comply with the FATF's schedule of examination and adoption.

Reports in relation to Japan and Korea had previously been adopted at earlier FATF plenaries (in October 2008 and June 2009 respectively). Under APG procedures, joint FATF/APG evaluation reports are required to be re-examined and discussed by the APG membership after FATF adoption. Following questions and discussion with members and observers, the reports were adopted with no changes to the content of either.



APG evaluation team with officials from Vietnam during on-site visit, November 2008

This joint process is a truncated version of the normal examination and adoption process, given the previous adoption of joint reports by the FATF. APG members had agreed to this shortened procedure in 2008 and in doing so recognised the considerable time and expense invested by joint assessors.

The Cook Islands was a joint evaluation with the OGBS. This was the Cook Islands' third mutual evaluation. The OGBS was formed in October 1980, at the instigation of the Basel Committee on Banking Supervision, as an association of the relevant authorities in jurisdictions

identified at that time as 'offshore finance centres' concerned with the supervision of banks and related financial services primarily engaged in cross-border activities. Previous joint evaluations with the OGBS have included Macau, China; Vanuatu; and Samoa. Unlike the FATF however the OGBS does not have a separate examination and adoption process from the APG. Hence, the Cook Islands report will not be re-considered by the OGBS at a separate meeting.

Pakistan and the Philippines were World Bank assessments, with the participation of the APG. Both Pakistan and the Philippines have been evaluated previously. Bangladesh and Vietnam were sole APG evaluations. Vietnam is a recent member of the APG having joined in 2007. Bangladesh is a founding member of the APG (since 1997) and was also evaluated by the World Bank, with APG participation, in the first round of evaluations between 2001 and 2005.



Joint FATF/APG team at Korea Financial Services Commission, November 2008

Experts from the following jurisdictions contributed to mutual evaluations adopted by the APG this year: Afghanistan; Australia; Canada; Guernsey; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Macao, China; Mongolia; New Zealand; Pakistan; Philippines; Sri Lanka; Solomon Islands; Singapore; Spain; Thailand; and the United States.

Mutual Evaluation Report Follow-up

Building on the success of last year, the 2009 Annual Meeting agenda set aside additional time for consideration of Mutual Evaluation Progress Reports against previous mutual evaluations. Many of the APG members who file these progress reports are updating the membership on first round evaluations.



APG team with Bangladesh officials, August 2008

Through this process the membership is kept informed of each member's implementation action since their mutual evaluation. Members are free to test the information in each Progress Report by intervener questions. The Secretariat has continued to receive positive feedback from members on this follow-up procedure.

During the forthcoming year the Secretariat will explore ways to improve these procedures even further, and will contribute and respond as appropriate to a FATF review of follow-up procedures used globally currently under way.

Mutual Evaluation Training in 2008-09

Assessor training courses and domestic coordinator training (for members about to be evaluated) are essential for the success of the APG's mutual evaluation programme.



30 delegates from Afghanistan, Brunei Darussalam, India, Solomon Islands and Tonga attended the workshop for jurisdictions to be evaluated in Brunei Darussalam, March 2009

The APG conducted two courses (one course for each area) during the reporting year.

Evaluator/Assessor Training, August 2008

Experts from the IMF, the US Department of the Treasury, the Monetary Authority of Singapore and the APG Secretariat conducted intensive mutual evaluation training for 36 legal, financial/regulatory and law enforcement representatives from 21 APG members in August 2008. The training was conducted at the IMF-Singapore Regional Training Institute and included participants from the following APG members: Afghanistan; Australia; Bangladesh; Brunei Darussalam; Cook Islands; Fiji; Hong Kong, China; India; Indonesia; Korea; Lao PDR; Macau, China; Malaysia; Nepal; New Zealand; Pakistan; Philippines; Solomon Islands; Sri Lanka; Thailand; and Vietnam.

In accordance with new APG procedures, workshop participants were required to formally commit to participating in an APG evaluation in the following 12 – 24 months. The workshop was sponsored by the IMF and the Australian Agency for International Development (AusAID). The APG thanks the sponsors, all participants, presenters, and the staff of the IMF-Singapore Regional Training Institute for their support for this training session.



36 delegates attended the APG evaluators training at the IMF-Singapore Regional Training Institute, August 2008

Domestic Coordinator Training, March 2009

The APG also conducted training for members about to undergo a mutual evaluation in the ensuing 12 months. The workshop was conducted from 16 to 19 March 2009 in Brunei Darussalam with sponsorship funding from the World Bank. Delegates from Afghanistan Brunei Darussalam, India, Solomon Islands and Tonga participated in this training. Training was provided by experts from the World Bank, UK's Financial Services Authority, Singapore, Malaysia, the IMF and the APG Secretariat.



Brunei Darussalam delegation to domestic coordinator workshop, March 2009

The purpose of the training was to inform delegates on how better to coordinate and respond to the obligations involved in an evaluation. The training was targeted at those officials who have been appointed as national coordinator (or primary contact point) for their own mutual evaluation. On completion of the training, delegates attained a better understanding of the mutual evaluation process, including timelines, processes, practical/logistical issues and the central role of the coordinator in ensuring an effective and efficient on-site evaluation. Participants were also able to prepare a draft implementation plan for their upcoming mutual evaluation, including identification of key public and private sector stakeholders, milestones for the evaluation process and agencies/persons responsible for completing the mutual evaluation questionnaire. The World Bank's participation in this workshop ensured the success of the training.

The APG will conduct similar training early next year for APG jurisdictions to be evaluated in late 2010 to early 2011.

6. UNDERSTANDING THE EFFECTIVENESS OF AML/CFT EFFORTS IN THE MONEY LAUNDERING AND FINANCING OF TERRORISM ENVIRONMENT

Strategic Goal 4 requires the APG to:

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 Siem Reap, Cambodia in October 2009.

Amendment to APG Typologies Framework

The APG Typologies Framework provides an operating framework to collect, analyse and disseminate information on money laundering and terrorist financing trends in the region.

The core Typologies Framework adopted by the APG in 2003 was slightly revised by the membership at the 2009 Annual Meeting. Key amendments to the framework include:

- An update to the collection categories to better reflect developments in typologies and quality of information collated for dissemination. This is achieved by dividing the collection categories into two groups: (a) *high complexity* and (b) *low complexity*; and
- A change to reporting by members in their Jurisdiction Reports to focus on methods and trends that represent the *high complexity* categories, and when there is a significant development to (or departure from) *low complexity* categories. This is designed to streamline the information and avoid material that does not reflect any valuable learning outcome.

APG Typologies Working Group

The APG Typologies Working Group was co-chaired by Malaysia and India. During the year the Typologies Working Group finalised a joint report on money laundering and terrorist financing risks in the casinos and gaming sector (see more detailed report below). The Working Group also cooperated with the FATF on a variety of projects including:

- Strategic surveillance;
- Securities project;
- Money service business project; and
- Money laundering through sport clubs (football).

The APG participated in the joint FATF/Committee of Experts on the Evaluation of Anti-Money Laundering Measures (Moneyval) Yearly Typologies meeting in Monaco in November 2008. This meeting was attended by over 170 participants representing over 50 jurisdictions and

11 international organisations. APG members Australia, Canada and Singapore and a representative from the APG Secretariat attended and provided input into the projects cited above. Some of the issues to be considered by the Typologies Working Group in the upcoming year include:

- Human trafficking and AML: applying AML tools to ‘follow the money’, proceeds of crime, international cooperation;
- Corruption and money laundering;
- Vulnerabilities in the NPO Sector: project update;
- Terrorist financing: standing project sub group;
- Securities: follow up and further work;
- Kidnap for ransom: terrorist financing source of funds, plus lessons from money laundering predicate cases – challenges with following the money.

Joint APG/FATF Casinos and Gaming Project

The joint APG/FATF project on casinos and gaming, chaired by New Zealand, completed its report during the year. The report was adopted by the APG out-of-session and by the FATF in February 2009. Casinos undertake high volume/speed financial activities that are similar to



financial institutions. Casinos are generally large cash-based businesses. Foreign exchange services within casinos and reduced transparency of ‘high rollers’ in VIP rooms presents substantial policy challenges for domestic implementation measures. The use of foreign holding accounts where funds in one jurisdiction are available for use in a casino in another jurisdiction without the need for a cross border remittance also presents unique AML/CFT challenges.

Delegates consider APG/FATF Casino and Gaming project report

The report concludes that overall, there is significant global casino activity that is cash intensive, competitive in its growth and vulnerable to criminal exploitation. This paper identifies significant gaps in awareness of money laundering typologies, gaps in regulatory and law enforcement responses, gaps in online gaming typologies, issues with controls over junkets and VIP programmes, and issues with controls over ‘high seas’ gaming. The report does not identify any instances of terrorist financing through the sector. It does note that a significant number of jurisdictions do not subject their casino sector to AML/CFT controls and those jurisdictions that do have regulatory oversight and supervision of the sector note a lack effective implementation of preventative measures by casinos (Customer Due Diligence (CDD), STRs and internal controls).

APG Typologies Workshop 2008

The Central Bank of Sri Lanka hosted the 11th APG Typologies Workshop in Colombo from 27 to 29 October 2008 co-chaired by Sri Lanka and Malaysia. The meetings were attended by over 120 delegates, representing 27 APG members and 6 international and regional organisations. Issues discussed at the workshop included:

- 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.



**120 delegates attended the 2008 Annual APG Typologies Workshop
Colombo, Sri Lanka, October 2008**

A key development was the inclusion of representatives from the private sector during the 3rd day of the workshop. This was intended to assist government and private sector representatives to share experience and ideas to support efforts to prevent, investigate and prosecute money laundering and terrorist financing.

The workshop noted that the Asia/Pacific region continues to suffer very serious terrorist financing threats and many jurisdictions have made considerable progress to tackle terrorist financing, but much work remains to be done. There had been discussion during the 2008 APG Annual Meeting of the need to better understand similarities and differences between terrorist financing models for different types of terrorist groups. A half day breakout session was held on building a culture of financial investigations to “follow the money” with an emphasis on case studies which highlighted parallel investigations of money laundering and predicate offences.

The workshop also discussed issues for cooperation between the private and public sector to support improved access to CDD/Suspicious Transaction Report (STR) information and improved understanding of money laundering and terrorist financing risks to support effective preventative measures. Presenters discussed practical issues for financial institutions and competent authorities, including identifying risks and applying 'red flags'.

Planning is now underway for the 12th Annual APG Typologies Workshop to be hosted by Cambodia in Siem Reap during the week of 25 to 28 October 2009.

7. ACHIEVE FULL IMPLEMENTATION OF THE GLOBAL AML/CFT STANDARDS IN APG MEMBER JURISDICTIONS

This section reports on progress made in achieving strategic Goal 5:

APG MEMBERS TO IMPLEMENT THE GLOBAL AML/CFT STANDARDS THROUGH IMPLEMENTATION PLANNING AND THE PROVISION OF GUIDANCE

A number of agreed strategies aim to achieve this goal including 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.

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 IIWG. Malaysia and Canada co-chaired the IIWG in 2008-09.



SIP Framework Workshop, Palau, March 2009

The Malaysian IIWG Co-Chair attended a FATF WGEI meeting in October 2008 to develop closer synergies with the WGEI and other FSRBs, and share approaches in addressing post mutual evaluation implementation challenges.

The IIWG, together with the World Bank, further implemented and refined the SIP Framework – a detailed multi-template planning document to assist in prioritising and implementing recommendations made in a mutual evaluation report.

Other IIWG achievements in the year include producing a report on implementation lessons in respect of key corruption related FATF Recommendations, summarising key issues and lessons learnt from the APG NPO Sector Domestic Review Programme, and updating the APG Website to include

information particularly on priority or emerging concerns such as Risk-based Approach and Proliferation Financing respectively.

Strategic Implementation Planning Framework

The SIP Framework continues to receive very positive feedback from APG members and observers and from international and regional organisations, including the FATF, IMF and all FSRBs. Members have noted the SIP provides a unique and important tool to address complex recommendations in a mutual evaluation report.

A regional workshop for TA&T providers was convened in Sydney in September 2008 to better inform experts on the SIP framework. SIP workshops were also held in Cambodia, Myanmar, Indonesia and Palau, with World Bank support and other members of the APG DAP Group.

Participants at these workshops gained experience in using the SIP framework by drafting their own implementation plans.

On the basis of individual workshops, together with wider input from individual APG members, the IIWG and the World Bank suggested refinements to the SIP Framework including:

- Enhancing the instructions for use of the framework;
- The inclusion of PC/NC ratings as a prioritisation criterion; and
- The addition of “Progress Status” as an oversight monitoring requirement within the framework document.

The membership adopted these changes at the Annual Meeting in Brisbane in July. Members also endorsed a schedule of SIP activities which includes a Train-the-Trainers Workshop in Malaysia and 5 SIP workshops during the next year.

World Bank/APG Regional Workshop on Banking Supervision

A joint APG/World Bank Regional Workshop for the AML/CFT Supervision of the Banking Sector took place in Jakarta, Indonesia, from 11 to 14 May 2009. The workshop was hosted by Bank Indonesia.



38 participants attended a World Bank/APG regional workshop on AML/CFT banking supervision in Jakarta, May 2009, hosted by Bank Indonesia

The workshop was held with the financial support of the World Bank (with Canadian funding) and Indonesia, and supported by experts from various bodies including the World Bank, IMF, US Department of Treasury, and the APG Secretariat. 38 participants attended from seven jurisdictions: Indonesia, Afghanistan, Cambodia, Lao PDR, Mongolia, Pakistan and Vietnam. The workshop aimed to build and enhance institutional capacity to conduct effective AML/CFT supervision of the banking sector and covered practical issues pertaining to AML/CFT-related banking supervision, including:

- Key findings on AML/CFT supervision from evaluation reports;
- Principal challenges for effective on-site and off-site supervision
- On-site inspection technique
- National and international cooperation; and
- New challenges for supervisors, e.g. mobile phone banking.

8. TECHNICAL ASSISTANCE AND TRAINING

Goal 6 of the Strategic Plan provides that the APG will:

PROVIDE COORDINATION, ADVISORY SERVICES AND INFORMATION-SHARING FOR TECHNICAL ASSISTANCE AND TRAINING

Agreed strategies to meet this goal are as follows:

- Supporting the development of an AML/CFT coordination mechanism in each APG member jurisdiction;
- Conducting and supporting TA&T needs analyses in targeted members and observers;
- Developing and sustaining regional and in-country mechanisms to support the identification of TA&T 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 TA&T delivery.

During 2008-09, a number of activities helped to achieve these goals including the APG Annual



**US funded APG technical assistance mission to Cambodia
Bank Negara Malaysia (far right) presenting**

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.

Many more TA&T missions and training sessions are planned for the coming year to build on the successes of 2008-09.

2009 APG Annual Forum on Technical Assistance and Training

The 2009 Annual Forum on TA&T was held in July 2009 concurrently with the Annual Meeting and consisted of several sessions including:

- A DAP Group meeting to discuss TA&T programmes and related assistance in the region;
- Three technical seminars covering a range of topics including issues relating to Pacific Island jurisdictions and other small states; supervisory issues and the global financial crisis; and investigations of PEPs and corruption;
- Individual sessions with 25 jurisdictions to discuss TA&T needs;
- A sub-regional meeting for ASEAN members, under the auspices of the Coordinating Agreement between ASEAN and APG Secretariats; and
- A sub-regional meeting for Pacific Islands Forum members as part of the COAMLI agreement between the Forum Secretariat and the APG Secretariat.

In order to support the coordinated delivery of assistance, an updated version of the TA&T Needs Matrix was prepared prior to the Forum, subsequent to a November 2008 update. Participating jurisdictions and DAP Group members undertook to provide further updates during the next year to identify outstanding and on-going TA&T needs.

Positive feedback was received on the value of the 2009 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.

Other Highlights

During the last year the APG conducted outreach missions, national coordination mechanism missions, TA&T missions and pre-mutual evaluation visits to priority members including Bangladesh, Cambodia, Indonesia, Lao PDR, Maldives, Mongolia, Myanmar, New Zealand, Solomon Islands, Timor-Leste, Tonga, Vanuatu and Vietnam. These missions included workshops and meetings, as well as video conferencing. To assist with coordination in particular TA&T matters, the APG also facilitated a number of *ad hoc* teleconferences for the DAP Group.



Regional FIUs, Sri Lanka (L) and the Philippines (R), sign MOU on information sharing at APG Annual Meeting in July 2009

The APG also contributed to various regional and international fora including with the private sector as follows:

- AMLAT Strategic Priorities Review Group meetings
- FATF plenary meetings
- Internationale Weiterbildung und Entwicklung [Capacity Building International, Germany](InWENT)/APG/Office of Technical Assistance (OTA) Regional Capacity Building workshop for FIUs from South Asia
- World Bank/APG Regional AML/CFT Supervisory Programme for bank supervisors
- South Asia Regional Conference on Countering Terrorist Financing in NPO Sector
- Meetings with global representative of the Association of Certified Anti-Money Laundering Specialists (ACAMS)
- Meeting with Western Union Region officials
- Meeting with Australian Business Volunteers
- Various meetings with academics from Australian and New Zealand Universities
- Meetings with private sector representatives during pre-mutual evaluation visit, Wellington, New Zealand
- AML/CFT conference in Sydney, Australia
- AML/CFT conference in Kuala Lumpur, Malaysia
- Pakistan Institute of Legislative Development and Transparency (PILDAT)

At a regional level, the APG Secretariat conducted a survey of all APG members on their national coordination mechanisms. The results were consolidated in a report for the 2009 APG Annual Meeting.

The APG Secretariat also organised a DAP Group meeting in Sydney (September 2008) to provide training on the use of the Assessment Methodology, the evaluation process and, the SIP Framework.

Funding Assistance from United States

The US Department of State provided funding assistance for the APG's TA&T programme for

the 2008-09 financial year in the amount of approx AU\$80,000 (exchange equivalent).

These funds were partially used for five TA&T 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. The remaining funds will be utilised in 2009-10.



US funded APG National Coordination assistance mission in Vientiane, Lao PDR, January 2009

Funding Assistance from New Zealand

The New Zealand Ministry of Foreign Affairs and Trade provided funding assistance targeted to assist Pacific Island jurisdictions in the APG's TA&T programme for 2008-09 in the amount of approx AU\$23,500 (exchange equivalent). These funds were partially used for three TA&T missions to priority APG jurisdictions, two pre-mutual evaluation missions and a needs assessment mission.

The remaining funds will be utilised 2009-10. New Zealand's Ministry of Foreign Affairs and Trade agreed to provide further funding targeted to assist South East Asia members in developing and enhancing their CFT frameworks and will be utilised by the APG TA&T programme during 2009-10.



New Zealand funded mutual evaluation workshop, Solomon Islands, May 2009

Funding Assistance from Canada

Canada's Counter-Terrorism Capacity Building Programme has agreed to provide a substantial grant of over AU\$400,000 to support key APG events in 2009 and 2010. These funds were used to sponsor priority delegates to attend the 12th APG Annual Meeting in July 2009 and will also be used to sponsor delegates to attend the APG Typologies Workshop and assessor training and other workshops over the next year.

The grant also earmarks substantial funds for targeted TA&T to priority APG members. Canada's previous grant to the APG (2007-08) of over AU\$500,000 provided an important source of support to APG members in the field of TA&T. The current grant, which extends beyond TA&T, permits priority members to continue to attend and contribute to key APG events.

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 AFP. As at 30 June 2009, 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
Jennifer Ford	Project Officer, Technical Assistance and Training
Helen Newell	Project Officer, Business Support and Events (on leave 2008-09)
Suzanne Tucker	Project Officer, Business Support and Events (acting)
Marnie Campbell	Executive Assistant (on leave 2008-09)
Elle Mladenovic	Administrative Assistant (acting Executive Assistant).

Japanese Customs Secondment to Secretariat - 2008

The Japanese Government placed a senior Customs official with the Secretariat as a Senior Project Officer commencing October 2008 to assist the Secretariat with completing its work programme. This is a significant contribution from Japan to the Secretariat. This placement has no cost impact on APG members.

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 TA&T strategy including coordination of TA&T 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 IIWG);
- 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; and
- 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

Facsimile: +61 2 9286 4393

Email: mail@apgml.org

Website: www.apgml.org

Postal:

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

Budget and Financial Statements

Summary of budget outcomes for 2008-09

A core budget for 2008–09 of AU\$1,475,000 was approved and adopted at the 2008 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\$6,135.

Members noted at the 2008 Annual Meeting that the core budget would not, of itself, enable the APG to meet fully the work detailed in the 2008-2009 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 2008–09 to meet the costs of the APG's agreed work programme.

The budget outcomes for the period 1 July 2008 to 30 June 2009, based on the audited financial reports (**Annex C**) provided to the APG Secretariat are as follows:

- the APG commenced the financial 2008–09 year with a total equity of AU\$344,104;
- total income for the year was AU\$2,021,601, with AU\$1,484,410 coming from APG members in required contributions, and AU\$537,191 in voluntary contributions and other revenue and gains;
- total expenditure for the year to 30 June 2009 from all revenue sources was AU\$2,117,229, 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 2008–09 was a deficit of AU\$95,628;
- the APG therefore had a total equity of AU\$248,476 as at 30 June 2009.

External support

The following agencies supported the work of the APG during 2008-09 and their considerable support is acknowledged:

- the Canadian Department of Foreign Affairs and International Trade (DFAIT) CTCB Program: 100% funding of the Manager, TA&T and some travel costs for July to September 2008, AU\$55,315;
- the Australian Agency for International Development (AusAID): sponsorship support funding for the 2008 APG Annual Meeting, the 2008 APG Assessor Training Workshop and the 2008 APG Typologies Workshop, AU\$130,911;
- the Government of Japan, for provision of an experienced customs officer as a secondee to the Secretariat (acting as a Senior Project Officer) for a two year period from November 2008, at no cost to members;
- AFP, Australian Government: provision of accommodation and essential support services to the APG Secretariat: AU\$156,757;
- United States State Department: additional contribution to support the development of national AML/CFT coordination mechanisms in priority jurisdictions in 2008–09 and 2009–10, US\$27,067¹;
- New Zealand Ministry of Foreign Affairs & Trade: additional contribution for TA&T activities in the Pacific in 2008–09 and 2009–10: AU\$13,661²;
- Australian Government (AU\$150,636) and United States Government (AU\$31,174) voluntary contributions.

Budget for 2009-2010

A ‘core’ budget for 2008–09 of AU\$1,610,400 was approved and adopted at the 2009 Annual Meeting, an increase of 9.2%.

10. FUTURE DIRECTIONS AND PRIORITIES

The APG Strategic Plan 2009-2012 is the strategic operating framework for the APG’s core business. The APG Annual Business Plan 2009-2010 outlines the APG’s work programme in detail for next year.

Key tasks for the upcoming year include:

- APG Annual Meeting and Annual Forum on Technical Assistance & Training will be held in mid-2010.
- APG Typologies Workshop will be held in the last quarter of 2009.
- APG Donors and Providers (DAP) Group meeting; one (1) COAMLI meeting; and one (1) ASEAN COAG meeting will be held.
- Up to three outreach missions to APG members and other jurisdictions to facilitate full and active membership and promote commitment to implement the global AML/CFT standards.

¹ The US State Department donated AU\$132,067 in October 2008 for expenditure in 2008-09. Approximately \$27,067 will have been spent by 30 June 2009, with remaining \$105,000 to be spent in 2009 – 10.

² New Zealand MFAT made donations of AU\$23,661 (NZ\$30,000) and \$53,894 (NZ\$75,000) for expenditure in 2008-09 in the Pacific and South East Asia. Approximately \$13,661 of those funds were spent by 30 June 2009. The remaining \$63,894 will be spent in 2009 – 10.

- Attend all FATF Plenary, Typologies and working group meetings.
- Evaluations of at least six (6) members (including joint FATF/APG mutual evaluations and/or IMF/World Bank Assessments).
- Up to 36 assessors from member jurisdictions will be trained at an assessor training workshop to be held in August 2009.
- A training workshop for jurisdictions scheduled for evaluation in late 2010/early 2011 will be conducted in early 2010.
- Conduct up to three (3) pre-mutual evaluation planning visits to jurisdictions to be assessed 2010 – 11.
- The APG will support the Typologies Framework and closely collaborate with the FATF Typologies Working Group including:
 - Providing representatives to the FATF Global Threat Assessment (GTA) Project Group
 - Ongoing input to the FATF typologies project on securities markets
 - Contribution of survey results to the FATF typologies project on money service businesses
- APG will continue to support regional training initiatives (led by Donors and Providers) by building upon relevant typologies work.
- APG IIWG will assist members to develop sustainable strategies to meet mutual evaluation report recommendations.
- IIWG will continue to implement the SIP Framework in collaboration with the World Bank and other donors for jurisdictions whose mutual evaluation reports have been adopted.
- Up to five SIP workshops will be conducted to assist members to develop implementation priorities using the SIP Framework. In addition, a regional train-the-trainer workshop to be hosted by Bank Negara Malaysia in Kuala Lumpur in late 2009. Invitees will include other FSRBs and members of the DAP Group.
- IIWG will identify other priority and thematic implementation concerns for consideration at the 2010 APG Annual Meeting.
- IIWG will continue to develop an implementation resource library reflecting APG members' implementation experience.
- APG Secretariat will continue to support and enhance existing mechanisms with the Pacific Island Forum Secretariat and the ASEAN Secretariat.
- The APG will provide priority support to: (1) develop TA&T coordination mechanisms and follow-up assistance to a number of key APG members; (2) expand existing national coordination processes to priority members. As part of these missions the Secretariat will assist members' in relation to their national policy coordinating mechanisms to further encourage the establishment and/or enhancement of such bodies in each jurisdiction.
- A number of regionally-specific AML/CFT TA&T projects will be developed and delivered in collaboration with various DAP Group members (manuals and guidelines, training programmes for legal, financial, FIU and law enforcement sectors).
- APG Secretariat will collaborate with DAP Group members to develop, coordinate and deliver AML/CFT-specific programmes in accordance with regional priorities, including: CFT implementation programmes; regional programmes to build AML/CFT capacity amongst AML/CFT supervisors and regulators; and regional enforcement and prosecution capacity building programmes.

This is not an exhaustive list of activities planned for 2009-2010 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 ADB.

Further details of the APG work programme are contained in the 2009-2010 Annual Business Plan available on the APG web site (www.apgml.org) under the “documents” section.

ANNEXES



Asia/Pacific Group
on Money Laundering

APG Strategic Plan

1 July 2009 – 30 June 2012

Adopted by Members at 12th Annual Meeting
Brisbane, Australia, 7 July 2009

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Asia/Pacific Group
on Money Laundering

APG Strategic Plan 1 July 2009 – 30 June 2012

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**APG Strategic Plan
1 July 2009 – 30 June 2012**

APG Co-CHAIRS' STATEMENT

On behalf of the APG membership and in accordance with the APG's Terms of Reference (**Annex A**) we endorse this document as the 4th Asia/Pacific Group on Money Laundering Strategic Plan for the three year period 1 July 2009 to 30 June 2012.

Dated: 7 July 2009.



Commissioner Mick Keelty
Co-Chair
Australia



Mr Ong Hian Sun
Co-Chair
Singapore

APG Strategic Plan

1 July 2009 – 30 June 2012

APG Co-Chairs' Foreword



Commissioner Mick Keelty



Mr Ong Hian Sun

It is with pleasure that we have endorsed this Strategic Plan on behalf of the membership of the APG, which has grown from a small regional body originally consisting of 13 founding members in 1997 to the world's largest FSRB and a leader among them.

The APG has substantial responsibilities, including for implementing the global anti-money laundering (AML) and countering the financing of terrorism (CFT) standards among our 40 members and for the coordination of technical assistance and training. We actively participate in global AML/CFT standard setting and policy formulation through the Financial Action Task Force (FATF) as part of our Associate Membership status. Globally, our activities are monitored, and our reports used, by a variety of international organisations and by many countries.

We have worked hard to develop forward-thinking initiatives in a number of areas including in the conduct of mutual evaluations and our new mechanisms to peer review evaluation reports; pre-mutual evaluation training for domestic coordination agencies; AML/CFT strategic implementation planning; and the coordination of technical assistance and training.

This plan outlines the broad strategic direction of the APG for the next three years. It builds on the strengths of our previous plans, the lessons learned in implementing those plans, as well as a number of new initiatives developed over the last three years (including mutual evaluation training and the Strategic Implementation Planning Framework). This Strategic Plan also incorporates in one larger and more focussed framework the substance of the APG's separate Strategic Technical Assistance and Training Framework.

The APG's current term (coinciding with FATF's term) expires in 2012. With FATF initiatives already underway towards a fourth round of FATF mutual evaluations after 2012, we need to start thinking of the challenges ahead and what an APG third round of evaluations will mean after 2012. These are important issues and how we respond to FATF and other global and regional developments during the next three years, while this plan is in effect, will shape what we do in the years afterwards.

This plan has four principal components:

- **Vision** a statement of what we want to achieve as an organisation
- **Mission** the strategic outcome of the APG
- **Goals** specific activities to achieve our mission in the next three years, and
- **Strategies** what business we need to conduct to meet our goals.

Each year the APG will agree on an Annual Business Plan to give effect to the strategies stated in this document. The Secretariat will inform members of the APG's progress against this Strategic Plan and against each Annual Business Plan, and it will assist members to agree on specific operational priorities for the ensuing 12 month period. The activities designed to implement these priorities will be reported in the APG's Annual Report as a formal update of the progress we are making with our strategic objectives and programmes.

We are confident that, as the APG moves forward over the next three years, our individual members and the Asia/Pacific region as a whole will benefit greatly from the programmes and activities planned within this document.

Dated: 7 July 2009

A handwritten signature in black ink, appearing to read 'Keelty'.

Commissioner Mick Keelty
Co-Chair
Australia

A handwritten signature in black ink, appearing to read 'Ong Hian Sun'.

Mr Ong Hian Sun
Co-Chair
Singapore

APG MEMBERS AND OBSERVERS

The APG is an autonomous, voluntary and co-operative international body established in February 1997 at the 4th Asia/Pacific Money Laundering Symposium in Bangkok, Thailand by agreement among its members.

As of July 2009, the APG consists of 40 members divided into five sub-regions (**Annex B**), three observer jurisdictions and 20 observer organisations as follows:

MEMBERS

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

OBSERVERS

Jurisdictions:

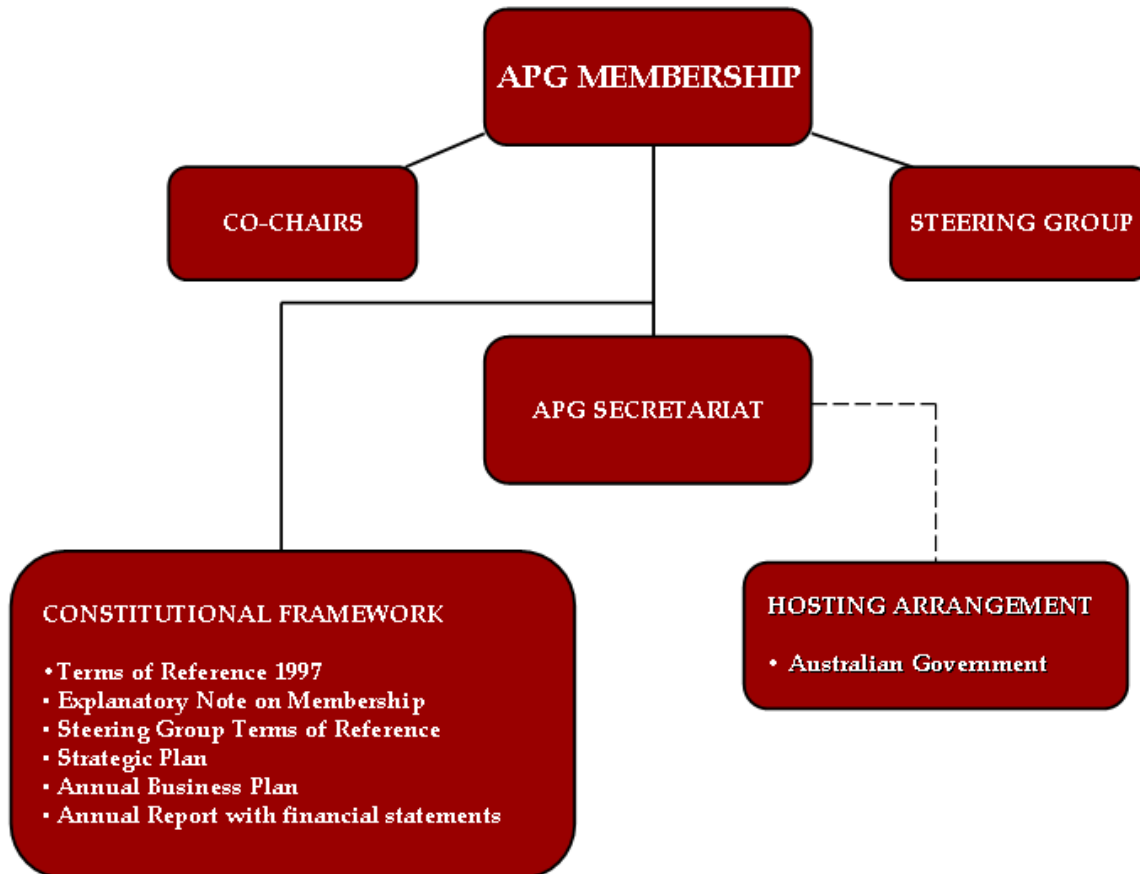
1. France
2. Kiribati
3. United Kingdom

Organisations:

- | | |
|--|---|
| 1. Asia Pacific Economic Cooperation Secretariat | 11. Interpol |
| 2. ADB | 12. MENAFATF - Middle East & North Africa FATF-style body |
| 3. ADB/OECD Anti-Corruption Initiative for Asia-Pacific | 13. MONEYVAL - Council of Europe, AML Group |
| 4. Associations of Southeast Asian Nations (ASEAN) Secretariat | 14. Oceania Customs Organisation |
| 5. CFATF - Caribbean Financial Action Task Force | 15. Offshore Group of Banking Supervisors |
| 6. Commonwealth Secretariat (London) | 16. Pacific Islands Forum Secretariat |
| 7. Egmont Group of Financial Intelligence Units | 17. Pacific Financial Technical Assistance Centre |
| 8. FATF | 18. UN Office on Drugs and Crime |
| 9. GAFISUD - South American FATF-style body | 19. World Bank |
| 10. International Monetary Fund | 20. World Customs Organisation |

APG CONSTITUTIONAL ARRANGEMENTS

The following diagram outlines the basic constitutional and governance structure of the APG:



Co-Chairs: Two Co-Chairs (one permanent and one rotating) are responsible for chairing APG meetings and providing strategic advice and direction to the membership. Australia, as host of the Secretariat, retains the permanent Co-Chair.

Steering Group: Pursuant to the Steering Group's Terms of Reference, this body consists of one representative from each sub-regional group (**Annex B**), the current Co-Chairs, the previous rotating Co-Chair, and (when known) the incoming rotating Co-Chair. The Steering Group considers governance and other issues of strategic importance referred by the Co-Chairs and membership; engages and consults with APG members in their sub-regional groups to obtain input on key issues; provides advice to the Co-Chairs and members through the Secretariat; and influences all APG members to effectively participate in APG activities, including leading or sponsoring specific APG projects.

APG Secretariat: The Secretariat acts as a focal point for the APG and provides support to the Co-Chairs, Steering Group and membership. The Secretariat organises mutual evaluations; coordinates technical assistance and training; prepares financial statements, annual budgets, annual business plans and policy papers; and reports against all such activities to the membership including expenditure of APG funds. The Secretariat is hosted by the Australian Government in Sydney, Australia.

APG Strategic Plan
1 July 2009 – 30 June 2012

ORGANISATIONAL STATEMENTS

VISION	<i>A pro-active APG contributing to a reduction in the economic and social impacts of serious crime in the Asia/Pacific region.</i>
MISSION	To combat money laundering and terrorist financing 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	<p>To achieve the APG's Mission, the APG will:</p> <ol style="list-style-type: none"> 7. Provide a strong, cohesive and autonomous regional body for APG members and observers. 8. Actively participate in, and co-operate with, the global AML/CFT network. 9. Assess APG members' compliance with the global AML/CFT standards. 10. Carry out education, research and analysis activities to enhance understanding of the money laundering and terrorist financing environments and the effectiveness of AML/CFT efforts. 11. Provide assistance to APG members to implement the global AML/CFT standards through implementation planning and the provision of guidance. 12. Provide coordination, advisory services and information-sharing for technical assistance and training.



Asia/Pacific Group
on Money Laundering

APG STRATEGIC GOALS AND STRATEGIES

GOAL 1	<i>STRATEGIES</i>
<p>PROVIDE A STRONG, COHESIVE AND AUTONOMOUS REGIONAL BODY FOR APG MEMBERS AND OBSERVERS</p>	<ol style="list-style-type: none"> 1. Undertake a process to decide whether to renew the APG's mandate beyond the end of 2012 and, if so, for how long. 2. Conduct, support and participate in: (i) APG plenary meetings; (ii) an annual APG Forum on Technical Assistance and Training; (iii) a minimum of six compliance assessments of APG members per year; (iv) APG Typologies Workshops; and (v) targeted APG training activities. 3. Support and expand the resources of the APG Secretariat to continue to provide an effective focal point for regional AML/CFT activities; and for liaison between APG members and observers, including the FATF and other regional and international organisations. 4. Support the APG Steering Group, including maintaining representation from sub-regional areas of the APG, to strengthen APG governance arrangements. 5. Maintain and enhance the level of active participation by APG members in the APG's work program and conduct outreach missions to targeted jurisdictions to support active membership of, and participation in, the APG. 6. Enhance relationships with strategically important regional and international organisations and jurisdictions to encourage their participation as observers in the APG.

GOAL 2	<i>STRATEGIES</i>
<p>ACTIVELY PARTICIPATE IN, AND CO-OPERATE WITH, THE GLOBAL AML/CFT NETWORK</p>	<ol style="list-style-type: none"> 1. Maintain APG's Associate Membership of the FATF and actively participate in global standard setting and related FATF activities. 2. Provide AML/CFT policy, implementation and assessment advice to APG members. 3. Share Asia/Pacific regional experience of AML/CFT implementation and assessment issues with the FATF and other international organisations. 4. Further enhance APG mechanisms for working with the FATF, other FATF-style regional bodies and strategically important regional and international organisations and jurisdictions.

GOAL 3	<i>STRATEGIES</i>
ASSESS APG MEMBERS' COMPLIANCE WITH THE GLOBAL AML/CFT STANDARDS	<ol style="list-style-type: none"> 1. Ensure that a minimum of six APG members are assessed each year against the AML/CFT international standards. 2. Complete the APG's Second Round of Mutual Evaluations and prepare for and commence a third round of mutual evaluations. 3. Provide training in the international AML/CFT standards and Assessment Methodology for APG evaluators. 4. Provide preparation support and training in the global AML/CFT standards and Assessment Methodology for APG members undergoing evaluation. 5. Contribute to the refinement of the standard AML/CFT Assessment Methodology and update the APG Mutual Evaluation Procedures as required. 6. Maintain and enhance mechanisms to ensure the quality and consistency of APG mutual evaluation reports. 7. Maintain and enhance mechanisms to monitor action taken by evaluated APG members in response to their mutual evaluation reports.

GOAL 4	<i>STRATEGIES</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	<ol style="list-style-type: none"> 1. Maintain and enhance the APG's program of collection, analysis and dissemination of typologies information to identify and analyse priority AML/CFT typologies issues, case studies and jurisdictional risks. 2. Conduct an annual APG Typologies Workshop to identify and explore key AML/CFT typologies issues in the Asia/Pacific region. 3. Support and promote the work of APG Working Groups to explore and address specific AML/CFT typologies issues in depth. 4. Cooperate with global typologies partners, including the private sector, and contribute to joint typologies work by participating in FATF typologies activities. 5. Cooperate with global research partners, including the private sector, to address specific AML/CFT-related research issues. 6. Share the findings of identified key typologies and research issues through education and information exchange.

GOAL 5	STRATEGIES
<p>PROVIDE ASSISTANCE TO APG MEMBERS TO IMPLEMENT THE GLOBAL AML/CFT STANDARDS THROUGH IMPLEMENTATION PLANNING AND THE PROVISION OF GUIDANCE</p>	<ol style="list-style-type: none"> 1. Support and promote the work of APG Working Groups and Project Groups to explore and address specific AML/CFT implementation issues in depth. 2. 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 using the Strategic Implementation Planning (SIP) Framework, and working in collaboration with global partners. 3. Provide advice and assist members to implement and integrate the AML/CFT global standards with their existing legal, financial and law enforcement systems of each jurisdiction. 4. Develop and share comprehensive information resources to assist APG members with AML/CFT implementation.

GOAL 6	<i>STRATEGIES</i>
<p>PROVIDE A COORDINATION, ADVISORY AND INFORMATION-SHARING FORUM FOR TECHNICAL ASSISTANCE AND TRAINING</p>	<ol style="list-style-type: none"> 1. Conduct an annual APG Technical Assistance and Training Forum to facilitate identification of technical assistance and training needs of targeted jurisdictions and to coordinate the delivery of those needs by members of the APG's Donors and Providers (DAP) Group. 2. Support and expand the APG's DAP Group to facilitate the sequenced and coordinated identification of technical assistance and training needs and the coordinated delivery of technical assistance and training to APG members. 3. Support the development of an AML/CFT coordination mechanism(s) in each APG member jurisdiction. 4. Conduct and support technical assistance and training needs analyses in targeted APG jurisdictions. 5. Facilitate cooperation in, support the design, development and delivery of, and, where appropriate, provide technical assistance and training that meets the needs of APG members and the APG region. 6. Cooperate with APG DAP Group members and other global partners to address specific AML/CFT technical assistance and training issues. 7. Recognise, and support, the role of the private sector in AML/CFT technical assistance and training.

APG TERMS OF REFERENCE*

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.

* The Terms of Reference for the APG were agreed and adopted in 1997. 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 and Manila 2006.

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, ADB, 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.

ENDORSED BY:

Australia
Bangladesh
Chinese Taipei
Hong Kong, China
Japan

New Zealand
People's Republic of China
Philippines
Singapore
Sri Lanka

Thailand
United States of America
Vanuatu

**BANGKOK, THAILAND
27 FEBRUARY 1997**

* * * * *

APG GEOGRAPHICAL (SUB-REGIONAL) AREAS

SUB-REGION	PARTICIPATING MEMBERS (with effect: July 2009)	OTHER JURISDICTIONS (includes non-observers)
NORTH ASIA	<ol style="list-style-type: none"> 1. China, People's Republic of 2. Hong Kong, China 3. Japan 4. Macao, China 5. Mongolia 6. Republic of Korea 7. Chinese Taipei 	<ul style="list-style-type: none"> • North Korea
PACIFIC ISLANDS	<ol style="list-style-type: none"> 8. Cook Islands 9. Fiji 10. Marshall Islands 11. Nauru 12. Niue 13. Palau 14. Papua New Guinea 15. Samoa 16. Solomon Islands 17. Tonga 18. Vanuatu 	<ul style="list-style-type: none"> • Kiribati (observer) • Tuvalu • Federated States of Micronesia
SOUTH ASIA	<ol style="list-style-type: none"> 19. Afghanistan 20. Bangladesh 21. India 22. Maldives 23. Nepal 24. Pakistan 25. Sri Lanka 	<ul style="list-style-type: none"> • Bhutan
SOUTH EAST ASIA	<ol style="list-style-type: none"> 26. Brunei Darussalam 27. Cambodia 28. Indonesia 29. Lao PDR 30. Malaysia 31. Myanmar 32. Philippines 33. Singapore 34. Thailand 35. Timor Leste 36. Vietnam 	
OTHER	<ol style="list-style-type: none"> 37. Australia 38. Canada 39. New Zealand 40. United States of America 	

SCHEDULE OF MUTUAL EVALUATIONS

SECOND ROUND OF APG MUTUAL EVALUATIONS: 2005 TO 2011

APG Member ¹	Second Round On-Site Visit	First Round	IMF/WB FSAP or OFC ²	Adoption of final report
2005 – 06				
Australia (<i>jointly with FATF</i>)	10 – 23 March 2005	1996 (FATF)	Nov 05 & Mar 06*	2006 APG Annual Meeting (October 2005 FATF Plenary)
United States (<i>jointly with FATF</i>)	7 – 18 Nov 2005 & 9 – 20 January 2006	1996 (FATF)		2006 APG Annual Meeting (June 2006 FATF Plenary)
Samoa (<i>jointly with OGBS</i>)	6 – 17 February 2006	February 2001	Early 2007*	2006 APG Annual Meeting
Fiji Islands (<i>World Bank</i>)	20 February – 3 March 2006	February 2002	Feb and July 2006*	2006 APG Annual Meeting
Vanuatu (<i>jointly with OGBS</i>)	27 February – 10 March 2006	March 2000	April 2006*	2006 APG Special Plenary
Sri Lanka	27 February – 10 March 2006	---		2006 APG Annual Meeting
2006 – 07				
Macao, China (<i>jointly with OGBS</i>)	4 – 15 December 2006	April 2001	Late 2007	2007 APG Annual Meeting
Mongolia	4 – 15 December 2006	---		2007 APG Annual Meeting
Malaysia (including Labuan IOFC)	29 January – 9 February 2007	April/July 2001	Late 2007 (Labuan)	2007 APG Annual Meeting
Chinese Taipei	29 January – 9 February 2007	March 2001		2007 APG Annual Meeting
Cambodia (<i>World Bank/APG</i>)	26 February – 9 March 2007	---	February/March 2007*	2007 APG Annual Meeting
Thailand (<i>IMF/APG</i>)	26 February – 9 March 2007	March 2002	February/March 2007*	2007 APG Annual Meeting
2007 – 08				
Canada (<i>jointly with FATF</i>)	19 – 30 March 2007	1997 (FATF)	October 2007	2008 APG Annual Meeting (February 2008 FATF Plenary)
Singapore (<i>jointly with FATF</i>)	3 – 14 September 2007	1998 (FATF)	July 2003*	2008 APG Annual Meeting (February 2008 FATF Plenary)
Indonesia	29 October – 12 November 2007	February 2002		2008 APG Annual Meeting
Hong Kong, China (<i>jointly with FATF</i>)	12 – 23 November 2007	1998 (FATF)	January 2003*	2008 APG Annual Meeting (June 2008 FATF Plenary)

¹ All evaluations of APG members conducted by the APG, unless otherwise indicated

² Dates are tentative unless marked with an asterisk.

APG Member ¹	Second Round On-Site Visit	First Round	IMF/WB FSAP or OFC ²	Adoption of final report
Myanmar	7 – 21 January 2008	---		2008 APG Annual Meeting
Palau (<i>IMF/APG</i>)	3 – 17 March 2008	March 2003		2008 APG Annual Meeting
2008 – 09				
Japan (<i>jointly with FATF</i>)	6 – 21 March 2008	1996 (FATF)	September 2003*	2009 APG Annual Meeting (October 2008 FATF Plenary)
Bangladesh	18 – 31 August 2008	October 2002 ³	October 2002*	2009 APG Annual Meeting
Philippines (<i>World Bank/APG</i>)	22 September – 6 October 2008	November 2003	Mid 2009	2009 APG Annual Meeting
Korea, Republic of (<i>jointly with FATF</i>)	3 – 14 November 2008	August 2002		2009 APG Annual Meeting (June 2009 FATF Plenary)
Vietnam	6 – 21 November 2008	---		2009 APG Annual Meeting
Pakistan (<i>World Bank/APG</i>)	1 – 17 December 2008	December 2004	Mid 2008	2009 APG Annual Meeting
Cook Islands (<i>jointly with OGBS</i>)	2 – 16 February 2009	November 2001	February 2004 ⁴	2009 APG Annual Meeting
2009 – 10				
New Zealand (<i>jointly with FATF</i>)	20 April 2009 – 1 May 2009	October 2003 ⁵	October 2003	2010 APG Annual Meeting (October 2009 FATF Plenary)
Tonga	14 – 28 September 2009	---		2010 APG Annual Meeting
Solomon Islands (<i>World Bank/APG</i>)	October 2009 (dates TBC)	---		2010 APG Annual Meeting
Afghanistan (<i>IMF</i>)	November 2009	---		2010 APG Annual Meeting
Brunei Darussalam	12 – 27 November 2009	February 2005		2010 APG Annual Meeting
India (<i>jointly with FATF</i>)	30 November – 13 December 2009	March 2005		2010 APG Annual Meeting (June 2010 FATF Plenary)
2010 – 11				
Marshall Islands	Third quarter of 2010	November 2004		2011 APG Annual Meeting
Nauru	Third quarter of 2010	---		2011 APG Annual Meeting
Lao PDR	Third quarter of 2010	---		2011 APG Annual Meeting
Niue	Fourth quarter of 2010	December 2004		2011 APG Annual Meeting
Nepal	Fourth quarter of 2010	February 2005		2011 APG Annual Meeting

³ World Bank-led assessment, which involved APG law enforcement experts

⁴ IMF-led assessment, which involved an APG law enforcement expert.

⁵ Assessment jointly by FATF and APG for IMF FSAP.

APG Member ¹	Second Round On-Site Visit	First Round	IMF/WB FSAP or OFC ²	Adoption of final report
One of Maldives, Timor Leste or Papua New Guinea	Fourth quarter of 2010	---		2011 APG Annual Meeting
2011 – 12				
Two of Maldives, Timor Leste or Papua New Guinea	Third quarter of 2011	---		2011 APG Annual Meeting

APG MEMBER: ON-SITE VISITS

As at June 2009

APG Member	Date of on-site visit/planned visit	Evaluating body
1. Afghanistan	November 2009	IMF
2. Australia	March 2005	Joint FATF & APG
3. Bangladesh	August 2008	APG
4. Brunei Darussalam	November 2009	APG
5. Cambodia	March 2007	World Bank/APG
6. Canada	March/April 2007	Joint FATF & APG
7. Chinese Taipei	February 2007	APG
8. Cook Islands	February 2009	Joint APG & OGBS
9. Fiji Islands	March 2006	World Bank
10. Hong Kong, China	November 2007	Joint FATF & APG
11. India	December 2009	Joint FATF & APG
12. Indonesia	October 2007	APG
13. Japan	March 2008	Joint FATF & APG
14. Korea, Republic of	November 2008	Joint FATF & APG
15. Lao PDR	Third quarter of 2010	APG
16. Macao, China	December 2006	Joint APG & OGBS
17. Malaysia	February 2007	APG
18. Maldives	Fourth quarter of 2010/third quarter 2011	APG
19. Marshall Islands	Third quarter of 2010	APG
20. Mongolia	December 2006	APG
21. Myanmar	January 2008	APG
22. Nauru	Third quarter of 2010	APG
23. Nepal	Fourth quarter of 2010	APG
24. New Zealand	April 2009	Joint FATF & APG
25. Niue	Fourth quarter of 2010	APG
26. Pakistan	December 2008	World Bank/APG
27. Palau	March 2008	IMF/APG
28. Papua New Guinea	Fourth quarter of 2010/third quarter 2011	APG
29. Philippines	September/October 2008	World Bank/APG
30. Samoa	February 2006	Joint APG & OGBS
31. Singapore	September 2007	Joint FATF & APG
32. Solomon Islands	October 2009	APG
33. Sri Lanka	March 2006	APG
34. Thailand	March 2007	IMF/APG
35. Timor Leste	Fourth quarter of 2010/third quarter 2011	APG
36. Tonga	September 2009	APG
37. United States	November 2005/January 2006	Joint FATF & APG
38. Vanuatu	March 2006	Joint APG & OGBS
39. Vietnam	November 2008	APG

ANNEX C:
INDEPENDENT AUDIT REPORT AND FINANCIAL
STATEMENTS

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 chief executive of the Asia/Pacific Group on Money Laundering Secretariat, for the year ended 30 June 2009.

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 2009 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 'Selina Stanford', with a stylized flourish at the end.

Selina Stanford
Director

29 September 2009



**Asia/Pacific Group
on Money Laundering**

Asia/Pacific Group on Money Laundering

**Financial Statements
for the Year Ended 30 June 2009**

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

In my opinion, the attached financial statements for the year ended 30 June 2009 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.

Signed



Gordon Hook
Executive Secretary, APG Secretariat

27 September 2009

ASIA/PACIFIC GROUP ON MONEY LAUNDERING
INCOME STATEMENT

for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
INCOME			
Revenue			
Contributions from members	3A	1,484,410	1,310,360
Other contributions	3B	377,591	677,221
Other revenues	3C	2,843	32,565
Total revenue		<u>1,864,844</u>	<u>2,020,146</u>
Gains			
Other gains	3D	156,757	143,546
Total gains		<u>156,757</u>	<u>143,546</u>
TOTAL INCOME		<u>2,021,601</u>	<u>2,163,692</u>
EXPENSES			
Employee benefits	4A	1,285,380	1,200,005
Depreciation and amortisation	4B	614	1,099
Suppliers	4C	267,992	310,697
Travel	4D	563,243	520,679
TOTAL EXPENSES		<u>2,117,229</u>	<u>2,032,480</u>
OPERATING RESULT		<u>(95,628)</u>	<u>131,212</u>

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

ASIA/PACIFIC GROUP ON MONEY LAUNDERING

BALANCE SHEET

as at 30 June 2009

	Notes	2009 \$	2008 \$
ASSETS			
Financial Assets			
Cash	5A	669,425	666,573
Receivables	5B	<u>69,662</u>	<u>150,455</u>
Total Financial Assets		<u>739,087</u>	<u>817,028</u>
Non-Financial Assets			
Infrastructure, plant and equipment	6A	586	1,200
Other non-financial assets	6C	<u>68,653</u>	<u>16,898</u>
Total Non-Financial Assets		<u>69,239</u>	<u>18,098</u>
TOTAL ASSETS		<u>808,326</u>	<u>835,126</u>
LIABILITIES			
Payables			
Suppliers	7A	30,466	46,620
Unearned income	7B	244,761	170,953
Other payables	7C	<u>52,393</u>	<u>58,547</u>
Total Payables		<u>327,620</u>	<u>276,120</u>
Provisions			
Employee provisions	8A	<u>232,230</u>	<u>214,902</u>
Total Provisions		<u>232,230</u>	<u>214,902</u>
TOTAL LIABILITIES		<u>559,850</u>	<u>491,022</u>
NET ASSETS		<u>248,476</u>	<u>344,104</u>
EQUITY			
Reserves		(950)	(950)
Retained surpluses / (accumulated deficits)		<u>249,426</u>	<u>345,054</u>
TOTAL EQUITY		<u>248,476</u>	<u>344,104</u>
Current Assets		807,740	833,926
Non-current Assets		586	1,200
Current Liabilities		510,305	454,900
Non-current Liabilities		49,545	36,122

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 2009

Item	Accumulated Results		Asset Revaluation Reserves		Total Reserves		TOTAL EQUITY	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance	345,054	213,842	(950)	-	(950)	-	344,104	213,842
Revaluation adjustment	n/a	n/a	-	(950)	-	(950)	-	(950)
Subtotal income and expenses recognised directly in equity	n/a	n/a	-	(950)	-	(950)	-	(950)
Net Operating Result	(95,628)	131,212	n/a	n/a	n/a	n/a	(95,628)	131,212
Sub-total Income and Expenses	(95,628)	131,212	-	(950)	-	(950)	(95,628)	130,262
Closing balance as at 30 June	249,426	345,054	(950)	(950)	(950)	(950)	248,476	344,104
Closing balance attributable to the Australian Government	249,426	345,054	(950)	(950)	(950)	(950)	248,476	344,104

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 2009

	Notes	2009 \$	2008 \$
OPERATING ACTIVITIES			
Cash received			
Contributions and other receipts		<u>2,050,619</u>	<u>1,915,054</u>
Total Cash received		<u>2,050,619</u>	<u>1,915,054</u>
Cash used			
Employees		1,274,205	1,141,022
Suppliers and other payments		<u>773,562</u>	<u>808,750</u>
Total Cash used		<u>2,047,767</u>	<u>1,949,772</u>
Net Cash From / (Used By) Operating Activities	9	<u>2,852</u>	<u>(34,718)</u>
Cash used			
Net Increase or (Decrease) in Cash Held		2,852	(34,718)
Cash and cash equivalents at the beginning of the reporting period		<u>666,573</u>	<u>701,291</u>
Cash and cash equivalents at the End of the Reporting Period	5A	<u>669,425</u>	<u>666,573</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 2009

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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 (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 2009 and has prepared this special purpose financial report for the members of the APG.

The statements and notes 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 2008)*; 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 and values are rounded to the nearest dollars unless otherwise specified.

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.

1.4 Changes in Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

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

No new accounting standards issued prior to the signing of the statement by the Executive Director applicable to the current period has a significant financial impact on the APG.

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
- 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.

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.

Notes to and forming part of the Financial Statements

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.

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).

Notes to and forming part of the Financial Statements

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.

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:

	2009	2008
Plant and Equipment	1 to 25 years	1 to 25 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

	2009	2008
	\$	\$
Note 3: Income		
Note 3A: Contributions from members		
Members contributions		
Afghanistan	6,135	5,532
Australia	119,364	107,221
Bangladesh	8,093	7,554
Canada	170,536	151,677
Brunei Darussalam	6,135	5,532
Cambodia	6,135	5,532
Chinese Taipei	56,869	53,200
Cook Islands	6,135	5,532
Fiji Islands	6,135	5,532
Hong Kong, China	44,110	41,074
India	101,705	90,410
Indonesia	39,204	34,557
Japan	250,750	220,880
Korea	112,454	100,800
Lao PDR	6,135	5,532
Macau, China	6,135	5,532
Malaysia	21,730	19,000
Maldives	6,135	-
Marshall Islands	6,135	5,532
Mongolia	6,135	5,532
Myanmar	6,135	5,532
Nauru	6,135	5,532
Nepal	6,135	5,532
New Zealand	34,134	31,875
Niue	6,135	5,532
Pakistan	14,601	12,914
Palau	6,135	5,532
Papua New Guinea	3,276	-
Philippines	13,696	12,075
Samoa	6,135	5,532
Singapore	37,652	33,926
Sri Lanka	6,135	5,532
Solomon Islands	6,135	5,532
Thailand	25,184	22,698
Timor L'Este	6,135	-
Tonga	6,135	5,532
United States	295,000	259,859
Vanuatu	6,135	5,532
Vietnam	7,217	5,532
Total member contributions	1,484,410	1,310,360

Notes to and forming part of the Financial Statements

	2009 \$	2008 \$
Note 3B: Other contributions		
Voluntary Contribution - Australia	150,636	162,779
Voluntary Contribution - US State Department	-	31,174
Voluntary Contribution - New Zealand	-	30,000
Project Contribution - NZ Pacific Security Fund	13,661	-
Project Contribution - US State Department TA National Coordination	27,067	-
AusAID Sponsorship Funding	130,911	237,971
Canadian Department of Foreign Affairs & International Trade	<u>55,316</u>	<u>215,297</u>
Total other contributions	<u>377,591</u>	<u>677,221</u>

Note 3C: Other revenues		
Cost Recovery	<u>2,843</u>	<u>32,565</u>
Total other revenues	<u>2,843</u>	<u>32,565</u>

Note 3D: Other gains		
AFP - Resources Received Free of Charge	<u>156,757</u>	<u>143,546</u>
Total other gains	<u>156,757</u>	<u>143,546</u>

Notes to and forming part of the Financial Statements

	2009	2008
	\$	\$

Note 4: Expenses

Note 4A: Employee benefits

Wages and salaries	928,080	924,805
Superannuation		
Defined contribution plans	65,317	38,049
Defined benefit plans	126,598	116,003
Leave and other entitlements	168,776	68,669
Other employee expenses	(3,391)	52,479
Total employee benefits	1,285,380	1,200,005

Note 4B: Depreciation and amortisation

Other infrastructure, plant and equipment	614	1,099
Total depreciation	614	1,099

Note 4C: Supplier expenses

Temporary Employee Services/Consultants & Recruitment	58,628	125,705
Legal and audit fees	7,000	7,000
Advertising	916	1,351
Postage & Freight	547	996
Currency Fluctuations	-	232
Other Expenses	4,418	16,949
Conferences & Training	28,799	-
Office Equipment & Data Communications	16,472	22,599
Office Requisites/Printing of APG Documents	7,261	3,649
Motor Vehicle	-	3,525
Workers Compensation Premiums	5,100	4,100
Property Expenses	138,851	124,591
Total other expenses	267,992	310,697

Note 4D: Travel expenses

Annual Meeting - Staff Travel	29,465	29,210
Typologies - Staff Travel	26,570	19,719
Mutual Evaluations - Staff Travel	97,739	75,773
TA and Other Missions - Staff Travel	140,366	84,207
FATF Meetings - Staff Travel	93,273	68,445
Domestic Meetings - Staff Travel	6,283	5,860
Mutual Evaluation Assessors - Sponsored Attendees	41,503	58,054
APG Events - Sponsored Attendees	128,044	179,411
Total travel expenses	563,243	520,679

Notes to and forming part of the Financial Statements

	2009	2008
	\$	\$

Note 5: Financial Assets

Note 5A: Cash

Special Account	<u>669,425</u>	<u>666,573</u>
Total cash	<u>669,425</u>	<u>666,573</u>

All cash recognised is a current asset.

Note 5B: Trade and other receivables

GST receivable from the Australian Taxation Office	<u>1,978</u>	<u>1,604</u>
Goods and services	<u>67,684</u>	<u>148,851</u>
Total trade and other receivables (net)	<u>69,662</u>	<u>150,455</u>

All receivables are current assets.

Receivables (gross) are aged as follows:

Current	<u>1,978</u>	<u>88,984</u>
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
More than 90 days	<u>67,684</u>	<u>61,471</u>
Total receivables (gross)	<u>69,662</u>	<u>150,455</u>

Note 6: Non-Financial Assets

Note 6A: Infrastructure, plant and equipment

Infrastructure, plant and equipment:		
at cost	<u>1,200</u>	<u>1,200</u>
accumulated depreciation	<u>(614)</u>	<u>-</u>
Total infrastructure, plant and equipment (non-current)	<u>586</u>	<u>1,200</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 (2008-09)

Item	Other IP&E \$	Total \$
As at 1 July 2008		
Gross book value	1,200	1,200
Accumulated depreciation/amortisation	-	-
Opening net book value	1,200	1,200
Additions:		
By purchase	-	-
Revaluations and impairments through equity	-	-
Reclassifications	-	-
Depreciation/amortisation expense	(614)	(614)
Impairments recognised in the operating result	-	-
Other movements	-	-
Disposals:		
Other disposals	-	-
Net book value 30 June 2009	586	586
As at 30 June 2009		
Gross book value	1,200	1,200
Accumulated depreciation/amortisation	(614)	(614)
Closing net book value	586	586

Notes to and forming part of the Financial Statements

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

Item	Other IP&E \$	Total \$
As at 2 July 2007		
Gross book value	3,249	3,249
Accumulated depreciation/amortisation	-	-
Opening net book value	3,249	3,249
Additions:		
By purchase	-	-
From acquisition of operations (including restructuring)	-	-
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
Net book value as of 30 June 2008 represented by:		
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

2009	2008
\$	\$

Note 6C: Other non-financial assets

Prepayments	<u>68,653</u>	<u>16,898</u>
<i>Total Prepayments</i>	<u>68,653</u>	<u>16,898</u>

All other non-financial assets are current assets.

Notes to and forming part of the Financial Statements

	2009	2008
	\$	\$

Note 7: Payables

Note 7A: Suppliers

Trade creditors	19,814	112
Accrued expenses	<u>10,652</u>	<u>46,508</u>
Total suppliers payable	<u>30,466</u>	<u>46,620</u>

All supplier payables are current liabilities.

Settlement is usually made net 30 days.

Note 7B: Unearned Income

Contributions 09/10	<u>244,761</u>	<u>170,953</u>
Total unearned income	<u>244,761</u>	<u>170,953</u>

All unearned income is current liabilities.

Note 7C: Other payables

Salaries and Wages	49,477	56,533
Superannuation	<u>2,916</u>	<u>2,014</u>
Total other payables	<u>52,393</u>	<u>58,547</u>

All other payables are current liabilities.

Note 8: Provisions

Note 8A: Employee provisions

Leave	<u>232,230</u>	<u>214,902</u>
Total employee provisions	<u>232,230</u>	<u>214,902</u>
Employee provisions are represented by:		
Current	182,685	188,968
Non-current	<u>49,545</u>	<u>25,934</u>
Total employee provisions	<u>232,230</u>	<u>214,902</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 \$133,900 (2008: \$123,908), and in excess of one year \$98,330 (2008: \$90,994).

	2009	2008
	\$	\$

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	669,425	666,573
Balance Sheet	<u>669,425</u>	<u>666,573</u>
Difference	<u>-</u>	<u>-</u>

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

Operating Result	(95,628)	131,212
Depreciation and amortisation	614	1,099
(Increase) / decrease in receivables	80,793	56,681
(Increase) / decrease in prepayments	(51,755)	(16,898)
Increase / (decrease) in employee provisions	17,328	9,223
Increase / (decrease) in payables	(16,154)	(59,002)
Increase / (decrease) in other payables	(6,154)	49,760
Increase / (decrease) in unearned revenue	<u>73,808</u>	<u>(206,793)</u>
<i>Net cash from / (used by) operating activities</i>	<u>2,852</u>	<u>(34,718)</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

	2009	2008
The number of executives who received or were due to receive total remuneration of \$130,000 or more:		
\$220 000 to \$234 999	1	-
\$310 000 to \$324 999	-	1
Total	1	1

The aggregate amount of total remuneration of executives shown above. **\$229,920** \$319,431

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

	2009	2008
	\$	\$
The cost of financial statement audit services provided to the Asia/Pacific Group on Money Laundering were	7,000	7,000
	7,000	7,000

No other services are provided by the Auditor-General.

Notes to and forming part of the Financial Statements

	2009	2008
	\$	\$
Note 13: Financial Instruments		
Note 13A: Categories of financial instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	669,425	666,573
Trade receivables	67,684	148,851
Carrying amount of financial assets	737,109	815,424
Financial Liabilities		
Supplier and other payables		
Trade Creditors	30,466	46,620
Carrying amount of financial liabilities	30,466	46,620

Note 13B: Fair value of financial instruments

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

Note 13C: 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	67,684	148,851
Total	67,684	148,851

The APG holds no collateral to mitigate against credit risk

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

	Not Past Due Nor Impaired	Not Past Due Nor Impaired	Past due or impaired	Past due or impaired
	2009	2008	2009	2008
Trade Receivables ¹	-	87,380	67,684	61,471
Total	-	87,380	67,684	61,471

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 2009

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
Trade receivables	-	-	-	67,684	67,684
Total	-	-	-	67,684	67,684

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 recievables	-	-	-	61,471	61,471
Total	-	-	-	61,471	61,471

Notes to and forming part of the Financial Statements

Note 13D: 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 2009	within 1 year 2009	1 to 5 years 2009	> 5 years 2009	Total 2009
Trade creditors	-	30,466	-	-	30,466
Total	-	30,466	-	-	30,466

	On demand 2008	within 1 year 2008	1 to 5 years 2008	> 5 years 2008	Total 2008
Trade Creditors	-	46,260	-	-	46,260
Total	-	46,260	-	-	46,260

Notes to and forming part of the Financial Statements

Note 14: Special Accounts

Financial Action Task Force - Asia Pacific Group Secretariat Account	2009 \$	2008 \$
Legal Authority: <i>Financial Management and Accountability Act 1997; s20</i> Appropriation: <i>Financial Management and Accountability Act 1997; s21</i> <i>Purpose:</i> 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	666,573	701,291
Appropriation for reporting period	-	-
Costs recovered	2,017,094	1,907,653
GST credits (FMA Act s30A)	18,121	15,095
Realised investments	-	-
Other receipts	-	-
Available for payments	2,701,788	2,624,039
Payments made	2,030,385	1,957,466
Balance carried to next period	671,403	666,573
<i>Represented by:</i>		
Cash at Bank	669,425	666,573
<i>Add:</i> GST receivable from the ATO	1,978	-
Total balance carried to the next period	671,403	666,573