



Asia/Pacific Group  
on Money Laundering

# **ASIA/PACIFIC GROUP ON MONEY LAUNDERING**

## **ANNUAL REPORT 1 JULY 2009 – 30 JUNE 2010**

**(incorporating outcomes from 13<sup>th</sup> Annual Meeting in July 2010)**

**30 OCTOBER 2010**

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## APG ORGANISATIONAL STATEMENTS

<b>VISION</b>	<b>A pro-active APG contributing to a reduction in the economic and social impacts of serious crime in the Asia/Pacific region.</b>
<b>MISSION</b>	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.
<b>GOALS</b>	<p>To achieve the APG's Mission, the APG will:</p> <ol style="list-style-type: none"> <li>1. Provide a strong, cohesive and autonomous regional body for APG members and observers.</li> <li>2. Actively participate in, and co-operate with, the global AML/CFT network.</li> <li>3. Assess APG members' compliance with the global AML/CFT standards.</li> <li>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.</li> <li>5. Provide assistance to APG members to implement the global AML/CFT standards through implementation planning and the provision of guidance.</li> <li>6. Provide coordination, advisory services and information-sharing for technical assistance and training.</li> </ol>

## **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 2009 to 30 June 2010.

This report highlights our achievements against the goals and strategies contained in the Strategic Plan 2009-2012 and includes independently audited financial statements.

30 October 2010

**Commissioner Tony Negus**  
**Co-Chair**  
Australia

**Shri Jose Cyriac**  
**Co-Chair**  
India

## OUTLINE OF THIS REPORT

This Annual Report of the APG reports on the achievement of objectives and delivery of outputs from 1 July 2009 to 30 June 2010 (incorporating outcomes at the 13<sup>th</sup> Annual Meeting in July 2010).

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 13<sup>th</sup> Annual Meeting in Singapore in July 2010 including the adoption of five Mutual Evaluation (ME) reports.

### Section 3

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

### Section 4

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

### Section 5

The fifth section of this report outlines achievements and outputs against Strategic Goal 3 (*ensuring compliance with global standards*). It reports on the five APG mutual evaluations adopted this year, including two joint 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 2009 APG Typologies Workshop in Siem Reap, Cambodia 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 roll-out and further refinement of the Strategic Implementation Planning (SIP) Framework.

## **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 major activities during the year including the outcomes of the 2010 Annual Forum on TA&T conducted during the 2010 Annual Meeting in Singapore.

## **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 2009-10.

## **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, 2010-11, with an emphasis on our core functions of mutual evaluations, 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 2009 to 30 June 2010 by Moore Stephens (of Canberra, Australia) on 8 October 2010.

## **ACRONYMS AND ABBREVIATIONS**

ADB	Asian Development Bank
ADB/OECD	Asian Development Bank/Organisation for Economic Co-operation and Development
AFP	Australian Federal Police
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
APG	Asia/Pacific Group on Money Laundering
ASEAN	Association of South East Asian Nations
AUSTRAC	Australian Transaction Reports and Analysis Centre
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)
EAG	Eurasian Group on Combating Money Laundering and Financing of Terrorism
Egmont Group	Egmont Group of Financial Intelligence Units
ESAAMLG	Eastern and Southern African Anti-Money Laundering Group
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FSRB	FATF-Style Regional Body
GAFISUD	Grupo de Acción Financiera de Sudamérica (Financial Action Task Force of South America Against Money Laundering)
GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
ICRG	International Cooperation Review Group (FATF)
IIWG	Implementation Issues Working Group (APG)
IMF	International Monetary Fund
INTERPOL	The International Criminal Police Organization
ME	Mutual evaluation
MER	Mutual evaluation report
MENAFATF	Middle East and North Africa Financial Action Task Force
Moneyval	The Committee of Experts on the Evaluation of Anti-Money Laundering Measures
NCM	National Coordination Mechanism
NPO	Non-Profit Organisation
OCO	Oceania Customs Organisation
OGBS	Offshore Group of Banking Supervisors
PFTAC	Pacific Financial Technical Assistance Centre
PIFS	Pacific Islands Forum Secretariat
RRG	Regional Review Group (FATF)
SIP	Strategic Implementation Planning
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 (FATF)

# CONTENTS

<b>APG ORGANISATIONAL STATEMENTS .....</b>	<b>2</b>
<b>CERTIFICATION BY CO-CHAIRS .....</b>	<b>3</b>
<b>OUTLINE OF THIS REPORT .....</b>	<b>4</b>
<b>ACRONYMS AND ABBREVIATIONS .....</b>	<b>6</b>
<b>APG CO-CHAIRS' FOREWORD.....</b>	<b>8</b>
<b>EXECUTIVE SECRETARY'S REPORT.....</b>	<b>10</b>
<b>1. OVERVIEW OF THE APG .....</b>	<b>13</b>
Background .....	13
Structure of APG.....	13
Purpose and Role of APG .....	14
APG in the Strategic International and Regional Context .....	14
Members and Observers.....	15
Co-Chairs .....	16
<b>2. APG 13TH ANNUAL MEETING, SINGAPORE .....</b>	<b>17</b>
<b>3. DEVELOP AND SUSTAIN AN EFFECTIVE REGIONAL BODY.....</b>	<b>20</b>
APG Steering Group.....	21
APG Strategic Action Plan for ICRG Issues 2010-12.....	21
Information and Communications Strategy 2010 .....	22
Attendance at meetings, conferences and seminars 2009-10.....	23
<b>4. ACTIVELY PARTICIPATE IN, AND CO-OPERATE WITH, THE GLOBAL AML/CFT NETWORK.....</b>	<b>24</b>
<b>5. ENSURING COMPLIANCE WITH GLOBAL STANDARDS.....</b>	<b>25</b>
Mutual Evaluations.....	26
<b>6. UNDERSTANDING THE EFFECTIVENESS OF AML/CFT EFFORTS IN THE MONEY LAUNDERING AND FINANCING OF TERRORISM ENVIRONMENT .....</b>	<b>29</b>
APG Typologies Framework .....	30
APG Typologies Working Group.....	30
<b>7. ACHIEVE FULL IMPLEMENTATION OF THE GLOBAL AML/CFT STANDARDS IN APG MEMBER JURISDICTIONS.....</b>	<b>32</b>
APG Implementation Issues Working Group .....	32
Strategic Implementation Planning (SIP) Framework .....	32
<b>8. TECHNICAL ASSISTANCE AND TRAINING .....</b>	<b>33</b>
Other highlights .....	34
Funding assistance from Canada.....	36
Funding assistance from United States .....	37
Funding assistance from New Zealand .....	37
<b>9. SUPPORT SERVICES AND FINANCIAL STATEMENTS .....</b>	<b>38</b>
APG Secretariat .....	38
Budget and Financial Statements .....	39
<b>10. FUTURE DIRECTIONS AND PRIORITIES .....</b>	<b>40</b>
<b>ANNEX A.....</b>	<b>44</b>
<b>ANNEX B.....</b>	<b>60</b>
<b>ANNEX C.....</b>	<b>66</b>



## APG CO-CHAIRS' FOREWORD



**Commissioner Tony Negus**



**Shri K Jose Cyriac**

This Annual Report highlights the major achievements of the APG during the reporting year against the revised goals in the new APG Strategic Plan for 2009-2012. Over the past 12 months, the APG had busy programme of activities in pursuit of the APG's mission, and we have responded to some important new policy and implementation challenges.

As can be seen from this report it was a busy year for the APG. In a brief 12-month period we conducted:

- 35 APG-related activities (including 5 mutual evaluations, over 10 technical assistance missions, 4 strategic implementation planning missions a successful Annual Meeting and an intense Typologies Workshop);
- 6 FATF-related activities (including 2 joint FATF/APG mutual evaluations, 3 plenaries and an inter-sessional working group meeting); and
- 6 outreach/educational activities including with the private sector.

Mr Ong Hian Sun of Singapore, whose two year tenure as Co-Chair expired in July 2010, contributed significantly to these achievements. On behalf of all APG members and observers, we would like to thank Mr Ong

for his dedication and hard work which culminated in a very successful Annual Meeting in Singapore in July 2010.

We also pay tribute and offer our sincere appreciation on behalf of all members and observers to previous Australian Co-Chair, Commissioner Mick Keelty, who retired from the Australian Federal Police after 35 years of service in September 2009. During his time as APG Co-Chair, which commenced in January 2003, the APG membership increased from 25 members to 40, making it the largest and most active FSRB in the world, and achieved many successes.

This year has seen important developments in the APG's already close relationship with the FATF and our fellow FATF-style regional bodies (FSRBs), as well as new policy challenges. Even after 13 years as the FSRB for the Asia/Pacific region, and four years as an Associate Member of the FATF, the APG's relationship with the FATF has continued to deepen and broaden over the past 12 months, particularly through the involvement of the APG and its members in the FATF's International Cooperation Review Group (ICRG) process. As is explained in some detail this report, the ICRG process is having a significant and growing impact on the APG membership and work programme. And members have responded to the challenges posed by adoption of an ICRG Action Plan 2010 – 2012 at the APG's 2010 Annual Meeting. Another significant development was the adoption by members at the 2010 Annual Meeting of enhanced mutual evaluation follow-up procedures to more closely reflect those used by the FATF and other FSRBs.

We would like to congratulate Mr Paul Vlaanderen from the Netherlands on his busy and successful year as FATF President in 2009–10. During his Presidency, Mr Vlaanderen placed a strong emphasis on forging closer relationships between the FATF and FSRBs, which culminated in the first "Presidents' Forum" in Amsterdam in June 2010 and brought together the presidents and Co-Chairs of the FSRBs and FATF to discuss strategically important issues of mutual interest and concern. We look forward to working closely with the incoming FATF President, Mr Luis Urrutia Corral of Mexico.



**FATF President  
Mr Luis Urrutia Corral**

Our relationship with other FSRBs is also growing in importance and depth. Under the APG's rules, any FSRB which becomes an Associate Member of the FATF automatically is recognised as an Observer of the APG. The admission in June 2010 by the FATF of the Eurasian Group (EAG), the Inter Governmental Action Group against Money-Laundering in West Africa (GIABA) and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) as FATF associate members means that all eight FSRBs are now APG observers. These developments further strengthen the global AML/CFT network and we look forward to working closely with our FSRB colleagues in the years ahead.

While no new members joined the APG during the year, the APG admitted five new observers. In addition to the EAG, GIABA and ESAAMLG, both Russia and the Federated States of Micronesia were admitted as observers during the year. We are now an organisation consisting of 40 members and 27 observers (23 organisations and four observer jurisdictions). The large size and geographic spread of the APG, and new initiatives such as the ICRG process and enhancements to the APG's mutual evaluation follow-up procedures, have seen the workload of the APG Secretariat increase significantly in recent years. As outlined in the Executive Secretary's report, this year the membership agreed to an increase to the APG budget and an expansion of the Secretariat to meet this growing workload. We would like to thank members for their financial support and commitment at what has been a difficult time for many in the global economy.

On a similar note, 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 their substantial voluntary grants to the APG, without which we would not have been able to meet all of our business objectives.

The next year will be a very important and busy one for the APG. In addition to the APG's normal busy work programme of mutual evaluations, technical assistance and training, typologies research, implementation assistance and so on, the FATF will continue its review of the AML/CFT standards, which is due to be completed in late 2011. This review will have important policy implications for all APG members and, as well as devoting additional Secretariat resources to this area, we encourage all members to become involved in the review process.

Furthermore, the APG will begin in earnest the process of examining its own fundamental directions and arrangements in the lead up to the expiration of our current mandate in 2012. We look forward to the continuing cooperation and support for these processes, and for the day-to-day work of the APG, from all APG members and observers.

30 October 2010

**Commissioner Tony Negus**  
**Co-Chair**  
Australia

**Shri Jose Cyriac**  
**Co-Chair**  
India

## EXECUTIVE SECRETARY'S REPORT

### The Year



**Dr Gordon Hook**

We had a successful year with five mutual evaluations, including jointly conducted evaluations with our strategic partners, the FATF and the World Bank. The evaluation programme was supported by two training workshops (one for assessors and the other for members to be evaluated) and a number of pre-evaluation missions to assist members with their preparations. Following a global review by the FATF of mutual evaluation follow-up procedures, members also adopted important enhancements to the APG's mutual evaluation follow-up procedures, which will improve the quality and depth of analysis and increase accountability for evaluated members.

Cambodia successfully hosted the 12<sup>th</sup> Annual APG Typologies Workshop in October 2009 in Siem Reap. Two hundred delegates and 60 private sector representatives attended this workshop, which included discussion groups and presentations on various topics including money laundering through the securities sector; money laundering/terrorist financing risks from regional human trafficking and smuggling; and emerging terrorist financing methods, particularly through charities. Private sector representatives from regional banking institutions attended a portion of the Workshop to discuss the institutional requirements on banks to implement measures relating to politically exposed persons (PEPs). Thank you to Cambodia and, in particular, the National Bank of Cambodia, for hosting this successful workshop.

I would also like to thank Singapore for organising and hosting the 13th Annual Meeting in July. During the plenary week the membership made important decisions in relation to each of our core functions, admitted several new observers and expanded our corporate structure to enhance the delivery of services and advice to the membership. More information on the Annual Meeting is contained in section 2 of this report. Our Secretariat staff once again did an excellent job supporting the Annual Meeting in Singapore and so I would like to sincerely thank them for all of their efforts.

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

### FATF Associate Membership Activities

During the last year the APG further strengthened its longstanding relationship with the FATF, including through closer involvement in the FATF's International Cooperation Review Group (ICRG) process. The ICRG serves as a filter to receive and/or discuss possible nominations, and review them to determine whether the case in question meets a prima facie test indicating systemic deficiencies in AML/CFT systems. The ICRG's work was reinforced in April 2009 by the G20 calling on a number of international bodies, including the FATF, for fortified action in response to the global financial and economic crisis. In June 2009, the ICRG established a number of Regional Review Groups (RRGs), including one for the Asia-Pacific region, which is co-chaired by Australia and Malaysia. Based on the results of their previous mutual evaluation reports, a number of APG members have been the subject of review by the ICRG, and new mutual evaluation reports are being considered as they are finalised.

The expanded work of the ICRG has posed significant challenges for both APG members and Secretariat during the year and required clarification of some issues including the appropriate role of the APG and the APG Secretariat in FATF proceedings; the importance of information exchange between the Secretariat and the Asia-Pacific RRG; and the interface between ICRG action plans and

both mutual evaluation follow-up procedures and technical assistance. In response, at the 2010 Annual Meeting members adopted an overarching ICRG Action Plan 2010–12 as an operating framework for cooperation with the FATF, technical assistance providers and the Asia-Pacific RRG.

This Action Plan contains an 11-point strategy to respond to the FATF's global initiative and is available publically from the APG website.

Members also agreed to the creation of an additional senior officer position within the Secretariat's staff, the duties of which will include the ICRG process.

#### *Review of standards and evaluation process*

The FATF is engaged in a policy dialogue with its members and Associate Members on a number of issues related to a 4th round of FATF evaluations after 2012, including a review of selected FATF Recommendations and the associated parts of the Assessment Methodology. Policy papers supporting this review process are being forwarded by the APG Secretariat to all APG members. All APG members are strongly encouraged to participate in this exercise as much as possible as it will have direct importance for the APG's next round of evaluations after 2012.

#### **The Future**

Our new Strategic Plan is proving to be an excellent framework within which to deliver our mission and to position ourselves for a new mandate after 2012. With the expiration of the current mandate in mind, members have adopted a structured consultation process to comprehensively review our rationale, goals, governance arrangements and constitutional status in the lead-up to the 2012 Annual Meeting.

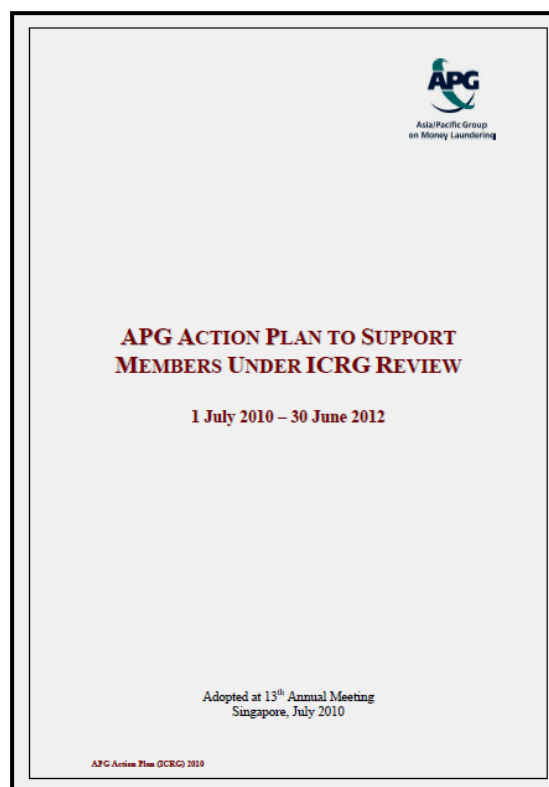
We have another full programme of evaluations planned for 2010 – 11, with seven mutual evaluation reports due to be considered at the 2011 Annual Meeting. Application of the revised follow-up procedures for the first time in 2010–11 should lead to interesting discussions and constructive outcomes at the 2011 Annual Meeting.

The provision of technical and implementation assistance will continue in the year ahead, with a busy schedule of ICRG-related, planning and other TA&T missions planned. This programme will be assisted by members' decision to create an additional senior project officer position within the Secretariat devoted primarily to TA&T issues, as well as continued additional TA&T funding from voluntary contributions from the United States, New Zealand and Canada. Successful delivery of these missions will also continue to require strong member and observer support.

Work deriving from the APG's Associate Membership of the FATF will be of great significance in the year ahead, in particular our contribution to the FATF's current review of the standards and the evaluation process, as well as the growing workload associated with the ICRG process.

#### **Secretariat Staff**

Members approved the establishment of two additional senior policy officer positions in the Secretariat to meet the APG's expanding workload. The recruitment process for both positions is underway. Given the relatively small size of the Secretariat (currently nine officers), the addition of



two positions will make a substantial difference to our work management. Thank you to all members for recognising the resource needs of the Secretariat in light of our expanded work programme.

I would also like extend my appreciation to the Government of Japan for placing a senior customs official, Mr Hideaki Usami, with the Secretariat from November 2008 to July 2010. This placement represented a significant in-kind voluntary contribution to the APG by Japan.

### **Australian Government Support**

The Australian Federal Police (AFP) continues to host the APG Secretariat within the AFP's Sydney Office Headquarters and provides administrative, IT, legal, finance, human resources and other essential services at no cost to APG members. On behalf of the APG membership, once again, I would like to thank the AFP for its generous support to the APG and to the Secretariat. This support represents a significant cost saving for the membership. I would also like to thank our other Australian government partners, the Attorney General's Department, AUSTRAC, the Department of Foreign Affairs and Trade and the Commonwealth Director of Public Prosecutions for their continuing support of the APG.

The Secretariat looks forward to the busy year ahead and to working closely with both members and our regional and global partners to fulfil the APG's mission.

30 October 2010

**Dr Gordon Hook**  
Executive Secretary

# 1. OVERVIEW OF THE APG

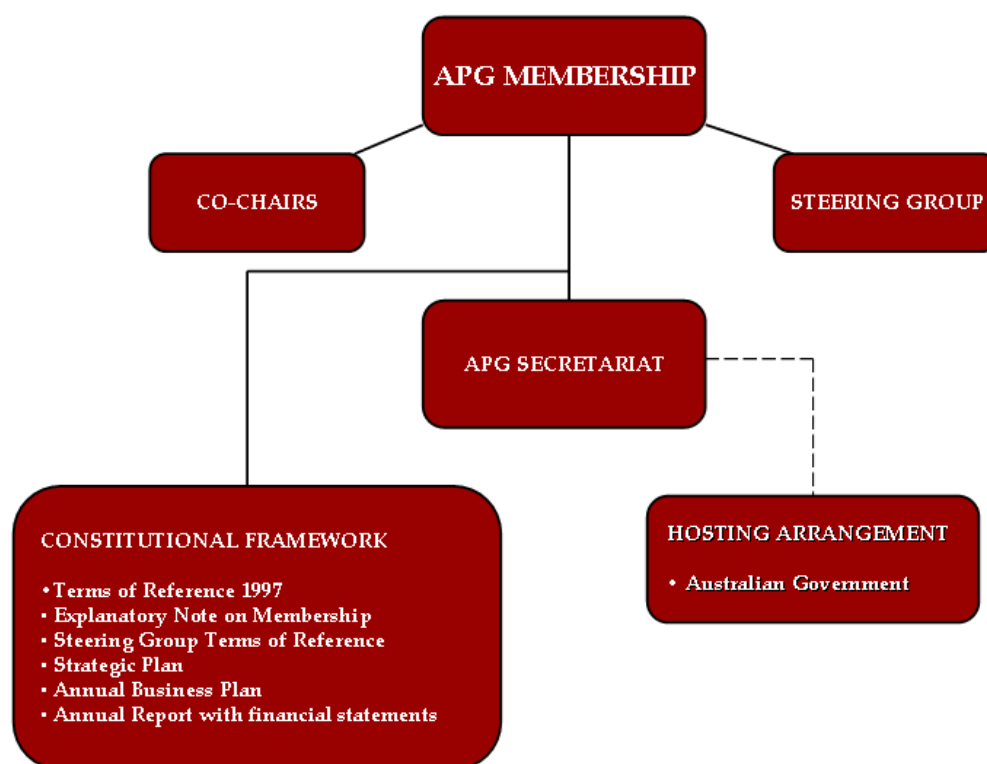
## Background

The APG was officially established by formal Terms of Reference endorsed by 13 founding members in February 1997 at the 4<sup>th</sup> 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 40 members. The APG's strategic direction, business plan, work schedule and priorities, and its procedures are determined on a full consensus basis among its 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;
- technical assistance and training (TA&T) issues;
- money laundering methods and counter-measures; and

- special regional and international issues and developments of significance to all members, including issues arising from the work of the FATF.

### **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 serve 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:

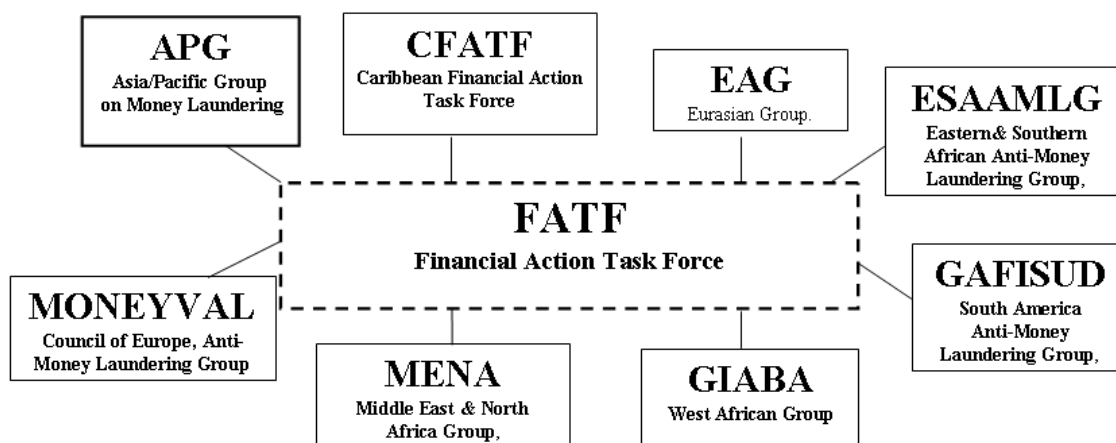
1. Assessing compliance with FATF standards by APG members within a mutual evaluation framework;
2. Co-ordinating TA&T to APG members; and
3. Carrying out education, research and analysis to enhance the understanding of money laundering typologies and the financing of terrorism environment as well as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

The APG's purpose, mission and goals are further described in the APG's Strategic Plan (2009-12) at **Annex A** which includes the APG Terms of Reference.

## **APG in the Strategic International and Regional Context**

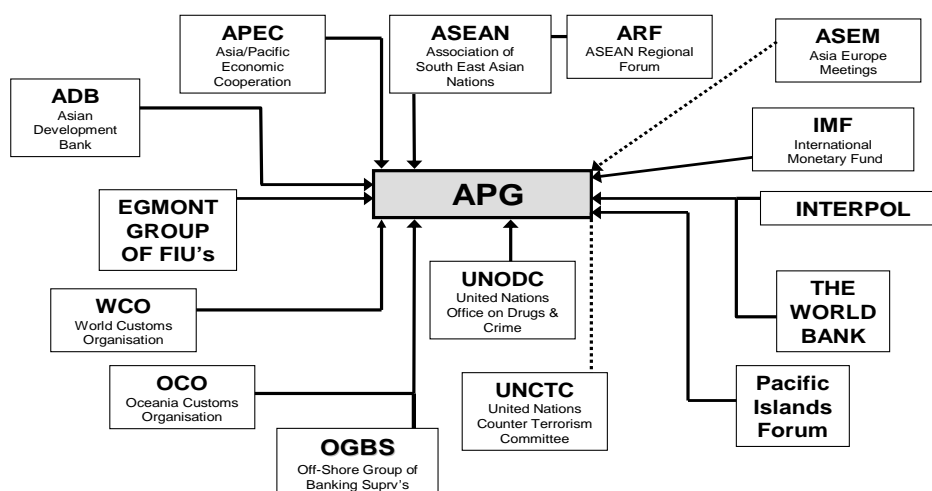
The APG is an important part of a global network of FATF-style regional bodies (FSRBs), the FATF and the network of inter-governmental organisations. The following chart shows the place of the APG within that network:

## 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. As noted above, the APG has 40 active members and four observer jurisdictions. The Russian Federation and the Federated States of Micronesia were admitted as observer jurisdictions during 2009-10.

In addition, 23 international organisations participate in APG work, including the FATF, IMF, the World Bank, the Asian Development Bank (ADB), the Egmont Group, the OGBS and the United Nations Office on Drugs and Crime. Three FSRBs were admitted as observers during the year: Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG), Eastern and



Southern African Anti-Money Laundering Group (ESAAMLG) and Inter-Governmental Action Group against Money Laundering in West Africa (GIABA). The admission of these FSRBs further consolidates and strengthens the Global network of AML/CFT bodies. The following Members and Observers are part of the APG effective July 2010:

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

\*Also FATF member

## 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 India whose term is from July 2010 to July 2012.



Commissioner Tony Negus

### Co-Chair, Australia

The Australian Co-Chair position is held by Australian Federal Police (AFP) Commissioner, Tony Negus, who assumed the role of Australian Co-Chair in September 2009. Commissioner Negus has served in the AFP for 28 years, working in community policing, federal investigations, human resources, training and protection. He holds a Masters Degree in Public Policy and Administration and a Graduate Diploma in Executive Leadership. He has also completed the Executive Leadership Program at Harvard University and is a member of the

Australian Institute of Company Directors. Commissioner Tony Negus was awarded the Australian Police Medal in June 2005.

Previous Australian Co-Chair Commissioner Mick Keelty retired from the AFP after 35 years of service in September 2009. During his time as APG Co-Chair he presided over seven APG Annual Meetings and 35 Steering Group meetings. While Commissioner Keelty was APG Co-Chair, the APG membership increased from 25 members to 40, making it the largest and most active FSRB.

### **Co-Chair, India**

The rotating Co-Chair position is held by Shri K Jose Cyriac, who was appointed by the membership in July 2010. Mr Cyriac is the Additional Secretary to the Ministry of Finance, Department of Revenue, India. He supervises and coordinates all work in the Government of India related to the Prevention of Money Laundering Act, 2002 (policy, planning and implementation), the Directorate of Enforcement (which investigates and prosecutes money laundering offences) and FIU-IND (which is an integral component of the country's AML/CFT preventive regime), and is also a member of the Economic Intelligence Council and the Inter-Ministerial Coordination Committee on AML/CFT.



**Shri K Jose Cyriac**

### **Previous Co-Chair, Singapore**

Mr Ong Hian Sun held the rotating Co-Chair position on behalf of Singapore from July 2008 to July 2010. Mr Ong is the Director of Singapore's Commercial Affairs Department. His appointment as



**Director Ong Hian Sun**

APG Co-Chair ended at the conclusion of this year's Annual Meeting. During the 2010 Annual Meeting, APG Co-Chair Commissioner Tony Negus noted the progress made by the APG during Mr Ong's Co-chairmanship, including leading important high level missions; the expansion of the APG membership during his tenure to include the reactivation of the founding membership of the People's Republic of China and the new membership of Papua New Guinea, as well as five new observers; the establishment of a new training course for jurisdictions to be evaluated, recognised as a much-needed new initiative and adopted by other FSRBs; as well the adoption and improvement of the APG's Strategic Implementation Planning (SIP) Framework developed jointly with the World Bank in 2008.

## **2. APG 13TH ANNUAL MEETING, SINGAPORE**

The 13<sup>th</sup> APG Annual Meeting was held in Singapore from 12 to 16 July 2010 at the Suntec Convention and Exhibition Centre. The plenary was opened by Singapore's Minister for Law and Second Minister for Home Affairs, Mr K Shanmugam.



**Minister K Shanmugam delivers opening address to plenary**

Mr Shanmugam said in his opening address that the "APG has grown in strength since 13 years ago. It now boasts a membership of 40 jurisdictions, four observer jurisdictions and in June 2010 20 observer organizations, making it the largest FATF-Style Regional Body (or FSRB). This is a strong statement of the region's commitment to combating money laundering and terrorist financing."

The Minister also indicated that: “The ease at which capital can now move across global financial markets has presented criminals and terrorists with opportunities to move their resources quickly, and hide their tracks. Advances in technology, such as pre-paid cards, mobile payments and internet payment services, have made the task of enforcement agencies and regulatory authorities more difficult. One thing is clear. A national-level response is not going to be enough to defeat a transnational enemy. Every member of the global community will need to have in place equally robust anti-money laundering and counter terrorist-financing – or AML/CFT – regimes. And increasingly, we should recognize that strong AML/CFT regimes must go beyond detection and enforcement, to actively deter and prevent terrorists and criminals from even attempting such activities in the first place. Criminals and terrorists have learnt to use these technologies to their advantage, and agencies must evolve to meet these challenges.”



**325 APG delegates from across the region attended the 13<sup>th</sup> Annual Meeting in Singapore at SUNTEC International Convention and Exhibition Centre, July 2010**

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 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 three technical seminars held in the margins of the meeting included presentations on:

- *Law enforcement/FIU issues*, including discussions on informal international cooperation to support pre-investigation and investigation;
- *Financial inclusion and AML/CFT*, which involved examining the nexus between AML/CFT policies and the financial inclusion objective of extending financial services to marginalised, disadvantaged and other vulnerable groups;
- *Legal/prosecutorial issues* relating to proceeds of crime and asset recovery.

Canada's Counter Terrorism Capacity Building Program and New Zealand's Pacific Security Fund provided a source of funds to sponsor priority APG members to send senior officials to the Annual Meeting.



Outcomes of the 13<sup>th</sup> Annual APG meeting include the following:

- Five mutual evaluation reports were adopted: India (jointly with FATF), New Zealand (jointly with FATF), Brunei Darussalam, Tonga and Solomon Islands (jointly with World Bank);
- The Technical Assistance and Training Forum was conducted during the week, including the technical training seminars outlined above and a series of 24 meetings with individual APG members and donor organisations/jurisdictions;
- Amendments to improve the APG's Strategic Implementation Planning (SIP) Framework were adopted to assist APG members to effectively respond to recommendations made in mutual evaluation reports;



**13<sup>th</sup> APG Annual Meeting in Plenary Session**  
Canada's Counter Terrorism Capacity Building Programme and New Zealand's Pacific Security Fund provided sponsorship funding for many delegates to attend this meeting

- Important amendments to the APG's mutual evaluation procedures were adopted to better reflect the APG's Associate Membership arrangements with the FATF. APG procedures, to a large extent, are now similar (but not identical) to FATF procedures and provide for regular and enhanced follow-up mechanisms not previously used;
- A new Business Plan for 2010-11 was adopted containing a number of new APG initiatives for the upcoming year as well as a very busy schedule of TA&T missions to priority members;
- The APG Implementation Issues Working Group agreed to undertake a joint APG/FATF project on financial inclusion and to report back to the FATF plenary in June 2011 with a project paper;
- Members closely considered the FATF initiative to respond to the G20 Leaders' call in 2009 for a listing of high risk jurisdictions in relation to money laundering and terrorist financing. In light of this initiative and its impact on our membership, a Strategic Action Plan, to better coordinate efforts for APG members involved in the FATF's International Cooperation Review Group, was adopted for a period of two years;
- The Federated States of Micronesia and the Russian Federation were formally acknowledged as new APG Observer jurisdictions;

- Three FSRBs were also acknowledged as new Supporting Observers, namely:
  - Eurasian Group (EAG), based in Russia. EAG officials attended the Singapore Annual Meeting;
  - Eastern and Southern African Anti-Money Laundering Group (ESAAMLG), based in Tanzania; and
  - Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), based in Senegal.
- The 2009-10 Typologies Report was endorsed and published; and
- A number of decisions about the structure and functioning of the APG and the Secretariat were made.

Mutual evaluation progress reports and annual status reports (outlining key policy, technical and statistical information in relation to each member's domestic AML/CFT systems) were also examined



APG's newest Observers, the Russian Federation and Micronesia, attended the 2010 Annual Meeting

and discussed during the meeting. Interveners were pre-selected to ensure that APG members were carefully interrogated on their progress against the international standards. Work is currently underway to implement the improved follow-up procedures adopted at the 13<sup>th</sup> Annual Meeting.

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 2009-12:

**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 2009-10 Business Plan outlined a number of tasks to achieve this strategy. These tasks included the following:

- Delivery of the 2010 APG Annual Meeting and Annual Forum on Technical Assistance & Training in Singapore;
- DAP Group meetings, Working Group meetings, Steering Group meetings, and consideration of five mutual evaluation reports;
- Delivery of the 2009 APG Typologies Workshop in Siem Reap, Cambodia;
- 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);
- Ensuring that the APG Steering Group continued to perform its advisory role for members and the Co-Chairs by holding at least five meetings during the year.

Other strategies included soliciting members for voluntary donations to assist in supporting the APG's programmes. A significant additional contribution was received from Canada to support post-mutual evaluation implementation, enhanced national coordination, attendance by APG delegates at major APG events and mutual evaluation training. New Zealand and the United States also 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 Asia and South Asia sub-groups. New Zealand funds were provided for assistance in South East Asia and the Pacific. General voluntary

contributions, not tied to particular projects or activities, were also received from Australia and New Zealand to support the work of the APG and the Secretariat.

## 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 2009-10 were: Chinese Taipei (North Asia); Vanuatu (Pacific Islands); Afghanistan (South Asia); Thailand (South East Asia); and United States (Other). The Co-Chairs (Australia and Singapore) and incoming Co-Chair (India) were also members of the Steering Group.



The Philippines is a member of the Steering Group

The APG Steering Group held five meetings during the year including one face-to-face meeting on 12 July 2010 in Singapore just prior to the Annual Meeting. Business items during the year included: APG Co-Chairing arrangements for 2012-14; the content of a mandate scoping paper for issues after 2012; membership issues including the termination of one observer's status in the APG, the size of the APG's membership and the application of jurisdictions and organisations for new observer status; APG training requirements; amendments to mutual evaluation procedures; changes and increases to the Secretariat's staff and Secretariat resourcing issues, including the administration of secondments.

The Steering Group's membership for 2010-11 is:

- Co-Chair: Australia
- Co-Chair: India
- Previous Co-Chair: Singapore
- North Asia: Chinese Taipei
- Pacific Islands: Papua New Guinea
- South Asia: Bangladesh
- South East Asia: Philippines
- Other: United States



Australia is a permanent Co-Chair of the Steering Group

The Steering Group has a number of new business items on its agenda for the coming year including, monitoring and supervising the ICRG sub-regional review process on behalf of the membership; proposing recommendations to the membership on issues associated with the new and improved mutual evaluation follow-up processes; considering constitutional and administrative options for the APG mandate beyond 2012; and considering TA&T strategies and options to increase effective participation by APG members on TA&T missions planned for the coming year.

## APG Strategic Action Plan for ICRG Issues 2010-12

The FATF's International Cooperation Review Group (ICRG) has developed special procedures and remedies to apply pressure on jurisdictions which it determines have significant deficiencies in their AML/CFT systems. The procedures include direct referral based on mutual evaluation report rating results – 10 or more partially compliant (PC)/non-compliant (NC) ratings on the 16 core and key Recommendations – and individual referral of a jurisdiction from another, or from an FSRB. Jurisdictions with the poor report results are referred to regional review groups (RRGs) chaired jointly by FATF and the relevant FSRB tasked with preparing prima facie and targeted review reports, the latter of which includes a draft action plan for the reviewed jurisdictions to address the key deficiencies.



A number of APG members have been the subject or prima facie and targeted reviews by the Asia/Pacific RRG, co-chaired by Australia and Malaysia. Further decisions on some members will be made by the FATF over the next number of months and into 2011. The ICRG process has raised concerns by APG members on the appropriate role of the APG and the APG Secretariat in FATF proceedings; the importance of information exchange between the Secretariat and RRGs including the appropriate framework within which to conduct that exchange and the scope of information included; and the interface between ICRG action plans and mutual evaluation follow-up processes and technical assistance.



**Marshall Islands and Malaysia consider proposed ICRG Action Plan. Malaysia is the Regional Review Group Co-Chair for the FATF's Asia-Pacific region**

Members at the 13<sup>th</sup> Annual Meeting adopted a series of policy action points to address the concerns and agreed to implement those points within an overarching APG ICRG Action Plan for 2010-12. This plan operates as a framework for cooperation with the FATF, technical assistance providers and for interactions with the Asia/Pacific RRG.



**Peoples Republic of China delegation during the 2010 Annual Meeting discussion on the APG Communications Strategy**

## **Information and Communications Strategy 2010**

The APG website was created in 2001. At the time, the APG consisted of 22 members and the Secretariat had three employees. The website setup cost was just over \$10,000 and it was established as a basic site for members, observers and the public. Since 2001 the membership, the number of uploaded documents, and the number of visits to the website per month have grown considerably.

The website is now unable to handle the growing information as well as the appropriate manner in which that information is presented to the public. The membership, therefore, recently agreed to overhaul the site to include:

- Sub-regional information pages;
- Individual member and individual observer jurisdiction information pages (in the current format no information can be posted on member pages);
- Observer information pages and integrated external links;
- Additional pages for the APG Mutual Evaluation (ME) Programme (currently there is no capacity for this in the site. ME information is contained only within the “documents section”);
- Substantially enhanced technical assistance and training pages and information networks for donors and observers;
- Improved secure site access for members and observers; and
- Interactive menu for members and the public to access information and to notify external users on APG activities.

Implementation of these changes over the coming year will enable the APG to improve its capacity to meet the communication challenges and objectives outlined in the *APG Communication and Information Strategy 2010*. With the improved site, the membership also agreed to dispense with the need for further APG newsletters.

## Attendance at meetings, conferences and seminars 2009–10

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"> <li>• FATF Plenary, Paris, France, October 09</li> <li>• FATF/APG ME, India, December 09</li> <li>• FATF ICRG Intersessional Meeting, Paris, France, January 10</li> <li>• FATF Plenary, Abu Dhabi, UAE, February 10</li> <li>• FATF/APG India ME Face-to-face Meeting, Australia, April 10</li> <li>• FATF Plenary, Amsterdam, Netherlands, June 10</li> </ul>	<ul style="list-style-type: none"> <li>• APG Annual Meeting and TA&amp;T Forum, Australia, July 09</li> <li>• Workshop on an Effective AML/CFT Framework and Mutual Evaluation in Afghanistan Australia, July 09</li> <li>• APG Assessor Training Workshop, Australia, August 09</li> <li>• National Coordination Mechanism (NCM) Mission, Nepal, September 09</li> <li>• Chinese Taipei Prosecutor Training Mission, September 09</li> <li>• SIP Train-the-Trainers Workshop, Malaysia, October 09</li> <li>• APG Typologies Workshop, Cambodia, October 09</li> <li>• APG Mutual Evaluation (ME), Tonga, November 09</li> <li>• NCM Mission, Maldives, November 09</li> <li>• Pre-ME &amp; needs assessment, Lao PDR, November 09</li> <li>• World Bank/APG ME, Solomon Islands, December 09</li> <li>• SIP Mission, Philippines, December 09</li> <li>• NCM &amp; SIP Mission, Bangladesh,</li> </ul>	<ul style="list-style-type: none"> <li>• Trans-Pacific Conference on Threat Convergence and Combating Illicit Networks, US, November 09</li> <li>• Assisting Developing Jurisdictions to meet G20 Objectives, Jersey, February 10</li> <li>• Using AML to fight environmental crime conference, Australia, February 10</li> <li>• National Security Australia Conference, February 10</li> <li>• World Bank Regional Workshop for South Asian Countries on AML/CFT Compliance, Malaysia, March/April 10</li> <li>• Financial Crimes and Money Laundering Seminar, New Zealand, May 10</li> <li>• Colloquium on terrorist financing in South East Asia, Australia, May 10</li> <li>• Pacific Islands Forum</li> </ul>



FATF-Related Activities	APG Activities	Other
	December 09 <ul style="list-style-type: none"> <li>• NCM Mission, Cambodia, January 10</li> <li>• APG ME, Brunei Darussalam, January 10</li> <li>• NCM Mission, Philippines, February 10</li> <li>• High-level outreach and needs assessment, Mongolia and China, March 10</li> <li>• AML/CFT Training for Countries Undergoing an ME, Singapore, March 10</li> <li>• Regional SIP Enhancement Workshop, Malaysia, March 10</li> <li>• SIP Workshop, Cook Islands, March 10</li> <li>• Pre-ME Training, Nepal, April 10</li> <li>• SIP Mission, Vietnam, May 10</li> <li>• Pre-ME Training/NCM PNG, May 10</li> <li>• Pre-ME Training/NCM Lao PDR, June 10</li> </ul>	Working Group on Counter Terrorism, Fiji, June 10 <ul style="list-style-type: none"> <li>• Forum Regional Security Committee Meeting, Fiji, June 10</li> <li>• Visit of the Special Committee for the Bill on Money Laundering from the Indonesian House of Representatives, Australia, June 10</li> <li>• AUSTRAC Supervision Conference, Australia, June 10</li> </ul>

#### 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.



FATF President (centre) and Vice President (left), during FATF plenary session on ICRG report-back, Paris, 2010. The APG participates in all FATF plenary meetings as an Associate Member

As noted in Section 3, the APG was represented in a wide range of AML/CFT workshops, seminars and conferences in 2009-10. 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. During 2009-10, the APG:

- Participated as a FATF Associate Member in three FATF plenary and working group meetings, including the joint FATF/MENAFATF plenary meeting held in the UAE in February 2010, as well as an inter-sessional meeting of the ICRG in January 2010;
- Admitted three FSRBs (EAG, ESAAMLG and GIABA) as APG observers. All seven FSRBs are now APG observers. The APG was admitted as an observer to the EAG in December 2009, based on an application made in May 2006;
- Maintained strong working relationships with numerous relevant multilateral bodies including the IMF, World Bank, Asian Development Bank, Commonwealth Secretariat, Egmont Group of FIUs, the Offshore Group of Banking Supervisors (OGBS), Pacific Islands Forum Secretariat (PIFS) and the United Nations Office on Drugs and Crime (UNODC).

Early in 2009-10, the FATF established a jointly chaired Asia/Pacific Regional Review Group (RRG) to review APG members named by the ICRG. This mechanism was established after adoption of the APG business plan and budget for 2009-10, so only limited APG resources were available during the year to devote to this important new area of work. Nonetheless, the APG Secretariat supported the RRG with communications support and background information on APG processes and specific mutual evaluation reports (MERs), and endeavoured to cooperate with the RRG as much as possible.

Members' adoption at the 2010 Annual Meeting of the ICRG Action Plan and their decision to enlarge the Secretariat in 2010-11 to better support this and other areas of new work will enable the Secretariat to provide an increased level of support to both APG members and the RRG in the future. The APG also supported the following FATF initiatives and related matters:



Australia Co-Chairs the ICRG Regional Review Group for the Asia-Pacific region

- FATF membership applications of Korea (October 2009) and India (June 2010) and participation in the joint APG/FATF membership-related on-site mutual evaluation of India (December 2009);
- The APG hosted the post-onsite face-to-face meeting in Sydney (April 2010) in relation to the Indian mutual evaluation report;
- APG participated in the joint FATF/APG evaluation of New Zealand; and
- Applications by EAG, ESAAMLG and GIABA to join the FATF as Associate Members.

## 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.

## 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 an updated 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. Twenty-two 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 the 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. Thirty-one reports have already been published in the APG's second round. See the APG's website to download.



Joint FATF/APG evaluation team in India

## Evaluations in 2009- 2010

Five APG members were evaluated during the year, namely:

- New Zealand (with FATF);
- Solomon Islands (with World Bank);
- Tonga;
- Brunei Darussalam; and
- India (with FATF).



Tonga mutual evaluation team

The IMF-led assessment of Afghanistan (with participation by the APG) was postponed from the original late 2009/early 2010 scheduled visit to late next year. This would have been the sixth evaluation as required by our Strategic Plan.

The reports in relation to New Zealand and India had previously been adopted at earlier FATF plenaries (in October 2009 and June 2010 respectively). Under APG procedures, joint FATF/APG evaluation reports are required to be re-examined and discussed by the APG membership after FATF adoption. This joint process is a truncated version of the normal examination and adoption process, given the previous adoption of joint reports by the FATF.



Following questions and discussion with members and observers, the reports were adopted with no changes to the content of either.

The Solomon Islands evaluation was a World Bank assessment with APG participation. The Solomon



**Officials from Brunei Darussalam during mutual evaluation report discussion**

Islands joined the APG in May 2007 and this was their first evaluation. Tonga and Brunei Darussalam were sole APG evaluations. Like the Solomon Islands, this was Tonga's first evaluation, while Brunei was previously evaluated in 2005 as part of the APG's first round of evaluations. Experts from the following jurisdictions and organisations contributed to mutual evaluations adopted by the APG this year: Australia; Belgium; Cook Islands; Fiji; Hong Kong, China; Indonesia; Japan; Malaysia; New Zealand; Pakistan; Sweden; Turkey; United Kingdom; United States; and the World Bank.

### **Mutual Evaluation Report Follow-up**

Building on the success of previous years, the 2010 Annual Meeting agenda set aside significant time for consideration of Mutual Evaluation Progress Reports against previous mutual evaluations. 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.



**Solomon Islands' World Bank assessment team with Prime Minister (centre) in Honiara (Japanese Government secondee to APG Secretariat - far right)**

The FATF Working Group on Evaluations and Implementation (WGEI) commenced a review of follow-up procedures in the FATF and the FSRBs in early 2009. APG Members agreed at the 2009 Annual Meeting to give this matter consideration during the year, and the APG actively contributed to the FATF review. As part of this process, members considered various options to amend the APG's

follow-up procedures during the year and significantly enhanced procedures were adopted at the 2010 Annual Meeting. The revised procedures better reflect the APG's Associate Membership arrangements with the FATF and are now similar (but not identical) to FATF procedures. They provide for regular and enhanced follow-up mechanisms not previously used. The revised procedures will apply to all MERs adopted in the second round of evaluations since 2006.

## **Training**

The APG conducted two mutual evaluation related courses during the reporting year.

### *Evaluator/Assessor Training, August 2009*

An Assessor Training Workshop was held in Sydney, Australia from 17 to 21 August 2009. Experts from the World Bank, the United Kingdom, the FATF, as well as the APG Secretariat, trained 36 legal, financial/regulatory and law enforcement representatives from the following 25 APG members: Australia; Bangladesh; Cambodia; China; Chinese Taipei; Cook Islands; Fiji; Hong Kong, China; India; Indonesia; Japan; Korea, Republic of; Lao PDR; Macao, China; Maldives; Mongolia; Nepal; New Zealand; Pakistan; Papua New Guinea; Philippines; Sri Lanka; Thailand; and the United States.



**APG assessor training workshop participants, Sydney, Australia 2009**  
**The World Bank and Canada's Counter-Terrorism Capacity Building Program provided funding for delegates to attend this important training**

The APG thanks the sponsors, all participants, and presenters for their support for this training session.

### *Domestic Coordinator Training, March 2009*

The APG also conducted training for members about to undergo a mutual evaluation. From 8 to 12 March 2010 the APG conducted a comprehensive training session for officials from Lao PDR; Maldives; Marshall Islands; Nauru; Nepal and Papua New Guinea at the IMF's Singapore Regional Training Institute. Experts from the IMF, UK Financial Services Authority, Singapore and Malaysia provided training with the APG Secretariat.





**APG domestic coordinator training workshop, Singapore STI, March 2010.  
The IMF and Canada provided financial support for this workshop**

The purpose of the training was to inform the APG member's national coordinator (or primary contact point) how better to coordinate and respond to the obligations involved in a mutual evaluation. The APG thanks the IMF, the Government of Canada, presenters and participants for their support of this successful workshop.

The APG also held a pre-ME workshop immediately following the 2009 Annual Meeting in Brisbane, Australia for Afghanistan, and conducted pre-ME missions to Nepal, Maldives, Papua New Guinea and Lao PDR to assist them to prepare for their upcoming mutual evaluations.

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

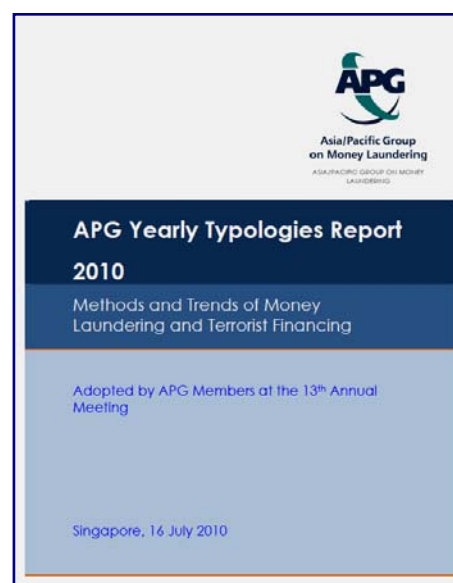
Strategic Goal 4 requires the APG to:

**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 strategy also provides for the yearly publication of typologies reports.

This year's report was examined and adopted at the 2010 Annual Meeting and published on the APG's web site.



The APG also cooperates with global typologies partners, including the private sector and the FATF. An APG Typologies Workshop is currently being planned for Dhaka, Bangladesh in October 2010.

## **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. During 2009-10, APG members continued to support the Typologies Framework for collection, analysis and dissemination of typologies information and collaboration with the FATF Working Group on Typologies.

## **APG Typologies Working Group**

The APG Typologies Working Group continued to be co-chaired by Malaysia and India during the year. As a result of decisions taken at the 2009 Typologies Workshop, the Typologies Working Group is undertaking scoping and substantive research on the following topics: terrorist financing (including kidnapping for ransom, non-profit organisations and terrorist financing investigations); human trafficking/smuggling and ML; and ML vulnerabilities in carbon trading schemes. Various typologies studies, reports and reference documents on ML/FT methods and techniques were uploaded to the APG website during 2009-10.

## **APG Typologies Workshop: Cambodia 2009**

Cambodia successfully hosted the 12<sup>th</sup> Annual APG Typologies Workshop from 27 to 29 October 2009 in Siem Reap.



**National Bank of Cambodia (far left) delivers opening comments to delegates of the 2009 Typologies Workshop in Siem Reap, October 2009**

Two hundred delegates and 60 private sector representatives attended this workshop, which was co-chaired by Typologies Working Group Co-chairs Ms Foo Lee Mei, from Malaysia, and Mr Arun Mathur, from India.





**Governor HE Chea Chanto officially opens the workshop**

H.E. Chea Chanto, the Governor of the National Bank of Cambodia, and H.E. Phan Ho, the Secretary General of Cambodia's FIU, officially opened the Workshop.

The Workshop included discussion groups and presentations on the following emerging areas of concern in the APG region:

- money laundering (ML) through the securities sector;
- terrorist financing (TF)/ML and kidnapping for ransom;
- ML and syndicated crime groups;
- ML/TF risks from regional human trafficking and smuggling; and
- emerging TF methods, particularly through charities.

Private sector representatives from regional banking institutions attended a portion of the Workshop to discuss the institutional requirements on banks to implement measures relating to politically exposed persons (PEPs).

The APG thanks Cambodia and, in particular, the National Bank of Cambodia, for hosting this successful workshop.



**200 delegates attended the 12<sup>th</sup> Annual Typologies Workshop in Cambodia**  
**Canada's Counter Terrorism Capacity Building Program assisted many delegates to attend this event**



## Future Typologies Work

During the 2010 APG Annual Meeting, the APG Typologies Working Group considered and adopted proposals for work on ML associated with large-scale transnational frauds, and a project on TF



APG Observers UK and France attended the Typologies Workshop

vulnerabilities in non-profit organisations. APG delegates will also discuss ways in which the APG's experience of ML and human trafficking can be further researched, including by contributing to an ongoing project within the FATF Typologies Working Group.

The 2010 APG Typologies Workshop will be hosted by Bangladesh from 25 to 27 October 2010. This important workshop will enable APG members and observers to discuss priority issues, as well as a chance to interact directly with the private sector on typologies issues.

## 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 an integrated approach to addressing implementation issues, including the establishment of an APG IIWG. Malaysia and Canada co-chaired the IIWG in 2009-10. The IIWG and the World Bank enhanced the SIP Framework during the year, and an amended Framework was adopted at the 2010 Annual Meeting. The IIWG also developed the amendments to APG mutual evaluation follow-up procedures referred to above. The Secretariat updated the APG website and Implementation Issues Library during the year.

### Strategic Implementation Planning (SIP) 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.



**SIP Train-the-Trainers workshop, Kuala Lumpur, Malaysia, October 2009. Participants included delegates from the following FSRBs: CFATF, ESAAMLG and GIABA**

A regional SIP Train-the-Trainer workshop was hosted by Bank Negara Malaysia in October 2009 and involved 28 participants from five APG members (Bangladesh, Cook Islands, Pakistan, Philippines and Vietnam). Participants also included representatives from CFATF, ESAAMLG and GIABA Secretariats. Facilitators were provided by Canada, Malaysia, UNODC and the World Bank. Canada financially sponsored this event.

Another regional SIP workshop was hosted by Bank Negara Malaysia in Kuala Lumpur in March 2010 to further improve the SIP Framework (national risk assessment template). Participants included representatives from Malaysia, Australia, Bangladesh, Canada, Cook Islands, India, Pakistan, the Philippines, United Kingdom, Vanuatu, Vietnam, UNODC and the World Bank. The IIWG and World Bank, together with DAP Group members, conducted SIP Workshops in Bangladesh, Cook Islands, Philippines and Vietnam during the year.

## **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 2009-10, a number of activities helped to achieve these goals including the 2010 APG Annual Forum on TA&T, APG DAP Group events, TA&T missions to APG member jurisdictions, and participation in conferences, workshops and training sessions throughout the year.

A significant number of TA&T missions and training sessions are planned for the coming year to build on the work of previous years. Particular priority is being given to APG members affected by the FATF's ICRG process.

### **2010 APG Annual Forum on Technical Assistance and Training**

The 2010 Annual Forum on TA&T was held in July 2010 concurrently with the Annual Meeting in Singapore and consisted of several sessions including:



**Nepal's FIU officials during an APG TA&T visit to Kathmandu, September 2009**

- a DAP Group meeting to discuss TA&T programmes and related assistance in the region;
- three technical seminars covering a range of topics including law enforcement/FIU issues, financial inclusion and AML/CFT, and legal/prosecutorial issues relating to proceeds of crime and asset recovery.
- individual sessions with 24 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.

As in previous years, positive feedback was received on the value of the 2010 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 again well received.

### **Other Highlights**

The APG received strong support from members of the DAP Group in the design, delivery and collaboration relating to TA&T projects in APG members. Other TA&T coordination, advisory and information sharing activities in the year included:

- Four DAP Group teleconference meetings to discuss TA&T needs and delivery involving 10 members including priority assistance to ICRG affected members;
- Needs assessments missions to the Maldives, Bangladesh, Lao PDR, Cambodia, the Philippines, Mongolia, and Vietnam;
- Participation in a number of conferences, workshops and training sessions.





**Central Bank officials from Sri Lanka (L) and Cambodia (R) sign a financial intelligence information sharing MOU, 2009**

The APG Secretariat continued to support the coordination mechanisms with the Pacific Island Forum (PIF) and ASEAN Secretariats:

- APG and ASEAN Secretariats presented a report on TA&T needs of the ASEAN region with a view to jointly developing a TA&T programme. A proposal for regional training was presented to the joint APG/ASEAN meeting in July 2010;
- PIF Secretariat and APG Secretariat are working to collate information on AML/CFT TA&T programmes undertaken in the Pacific region.

The APG Secretariat provided support to develop and strengthen national coordination mechanisms in Bangladesh, Cambodia, Philippines, Lao PDR, the Maldives, Mongolia and Vietnam, and continued



**APG Pre-ME visit to Papua New Guinea, May 2010**

to provide support to the sub-regional TA&T coordination mechanisms for Cambodia, Myanmar, Lao PDR and Vietnam, established with the assistance of the UNODC/World Bank mentor.

The APG updated the TA&T Needs Matrix for all recipient members. The matrix of needs information was used extensively to assist in the development of DAP Group programmes. TA&T information was regularly exchanged between the Secretariat and DAP Group members.



**APG TA&T visit to Ulaanbaatar, Mongolia in March 2010. The delegation included the APG Singapore Co-Chair, the Commissioner of the Korean FIU, the World Bank and the APG Secretariat**

The APG continued to engage with the private sector and met with global and regional business, academic and other representatives throughout the year including the attendance at regional conferences hosted by or jointly with the private sector.



**APG Pre-ME workshop in Vientiane, Lao PDR, June 2010**



## Funding Assistance from Canada



Funding assistance from the Canada CTCBP in support of the APG's TA&T amounted to AU\$221,746 in 2009–10. This substantial funding was used to support attendance by delegates at the 2009 Annual Meeting, the 2009 Typologies Workshop, the 2009 Assessor Workshop, the 2010 Workshop for Members Undergoing an Evaluation in late 2010, and post-evaluation planning and awareness raising missions to a number of APG members.

It should be noted that discussions are underway for Canada's CTCB Program to provide further substantial funding, in excess of CAD\$380,000, over the next two years. The funding will support workshops, technical assistance, and support for attendance at APG meetings and forums provided to key government officials. The APG wishes to thank Canada for its continuing additional support of the APG's work programme, which first commenced in 2007.

## Funding Assistance from United States

The United States State Department provided AU\$58,579 in funding to support priority jurisdictions in 2009–10. These funds were used for a workshop for Afghanistan on AML/CFT (held in Brisbane, Australia immediately following the Annual Meeting in July 2009) and National Coordination Mechanism (NCM) missions to Nepal and Maldives in September and December 2009 respectively. The remaining funds from the original grant of AU\$132,067 provided by the US State Department will be available for expenditure in 2010–11.



The US State Department has generously provided further significant voluntary funding to the APG to support TA&T programmes to priority APG members in 2010–11. The State Department has recently provided in excess of AU\$120,000 to assist the APG's TA&T and needs assessments programme in the area of national coordination mechanisms and policy frameworks. This grant again recognises the importance of strategic national mechanisms to coordinate AML/CFT efforts. The APG wishes to thank the United States for their very generous donation.

## Funding Assistance from New Zealand



The New Zealand Ministry of Foreign Affairs and Trade has provided two grants totalling NZ\$105,700 (AU\$83,555) to assist Pacific Island and South East Asian jurisdictions respectively.

During 2009–10, AU\$20,000 of these funds were used to support two pre-mutual evaluation missions, two strategic implementation planning missions, two TA&T missions, and sponsorship for one jurisdiction to attend the 2010 Annual Meeting. The remaining funds will be utilised 2010–11

## 9. SUPPORT SERVICES AND FINANCIAL STATEMENTS

### APG Secretariat

The APG Secretariat is based in Sydney, Australia and is hosted by the Australian Government through the Australian Federal Police. As at 30 June 2010, the staffing of the Secretariat was as follows:

Dr Gordon Hook	Executive Secretary
Eliot Kennedy	Deputy Secretary
David Shannon	Principal Executive Officer
Lindsay Chan	Executive Officer
[Vacant]	Manager, Technical Assistance and Training
Hideaki Usami	Senior Project Officer (Japanese government secondee)
Jennifer Ford	Project Officer, Technical Assistance and Training
Suzanne Tucker	Project Officer, Business Support and Events
Marnie Campbell	Executive Assistant
[Vacant]	Administrative Assistant

During the year members approved the establishment of two new ‘Senior Project Officer’ positions to meet the growing workload in relation to TA&T and mutual evaluation follow-up/ICRG respectively. Recruitment processes are under way and both positions are expected to be filled in late 2010/early 2011. Members also approved the filling, as necessary, of the previously established Administrative Assistant position, which has been left vacant since late 2009.

### Japanese Government Secondment to Secretariat: 2008-10

The Japanese Government placed a senior Customs official with the Secretariat as a Senior Project Officer commencing November 2008 to assist the Secretariat with completing its work programme. This arrangement concluded in July 2010.

This was a significant contribution from Japan to the Secretariat, which had no cost impact on APG members. Mr Hideaki Usami was involved in all aspects of APG Secretariat work, including two Annual Meetings, the 2009 Typologies Workshop, SIP missions, pre-mutual evaluation workshops, a number of TA&T missions and represented the APG as a law enforcement expert on the World Bank assessment of the Solomon Islands.



**Mr Hideaki Usami of the Japan Customs Service was seconded to the APG Secretariat for two years**

The APG, and in particular the Secretariat, extends its deep gratitude to the Government of Japan for this valuable contribution to our organisation.

### 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**

The Secretariat contact details are as follows:

Address:

2<sup>nd</sup> floor, 110 Goulburn Street  
Sydney,  
New South Wales 2000  
AUSTRALIA

Postal:

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

Telephone: +61 2 9286 4383

Facsimile: +61 2 9286 4393

Email: [mail@apgml.org](mailto:mail@apgml.org)

Website: [www.apgml.org](http://www.apgml.org)

## **Budget and Financial Statements**

### **Summary of budget outcomes for 2009–10**

A core budget for 2009–10 of AU\$1,610,400 was approved and adopted at the 2009 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\$6,630.

As in previous years, members noted at the 2009 Annual Meeting that the core budget would not, of itself, enable the APG to meet fully the work outlined in the 2009–10 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 2009–10 to meet the costs of the APG's agreed work programme. Total proposed expenditure from all streams of funding (core and non-core) was AU\$2,584,755.

The budget outcomes for the period 1 July 2009 to 30 June 2010, based on the audited financial reports (**Annex C**) provided to the APG Secretariat are as follows:

- the APG commenced the financial 2009–10 year with a total equity of AU\$248,476;



- total income for the year was AU\$2,453,357, with AU\$1,820,134 coming from APG members in required contributions<sup>1</sup>, and AU\$633,223 in voluntary contributions and other revenue and gains;
- total expenditure for the year to 30 June 2009 from all revenue sources was AU\$2,108,919, 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 surplus of AU\$344,438;
- the APG therefore had a total equity of AU\$592,914 as at 30 June 2010.

This stronger than expected situation resulted from higher than expected revenue (primarily China’s unbudgeted contribution of AU\$210,000) and lower than expected expenditure (primarily savings in salary – due to the Manager, TA&T position being vacant for most of the year – and travel expenses).

## External support

The following agencies supported the work of the APG during 2009-010 and their considerable support is acknowledged:

- the Canadian Department of Foreign Affairs and International Trade (DFAIT) CTCB Program: to support attendance by delegates at major APG events and post-evaluation planning and awareness raising missions to a number of APG members: AU\$219,564;
- United States State Department: additional contribution to support the development of national AML/CFT coordination mechanisms in priority jurisdictions, US\$64,846<sup>2</sup>;
- New Zealand Ministry of Foreign Affairs & Trade: additional contribution for TA&T activities in the Pacific and South East Asia: AU\$20,000<sup>3</sup>;
- the Government of Japan, for provision of an experienced customs officer as a secondee to the Secretariat (acting as a Senior Project Officer) from November 2008 to July 2010, at no cost to members;
- AFP, Australian Government: provision of accommodation and essential support services to the APG Secretariat: AU\$160,921;
- Australian Government (AU\$145,480) and New Zealand Government (AU\$25,000) voluntary contributions.

## Budget for 2010–11

A ‘core’ budget for 2010–11 of AU\$1,730,000 was approved and adopted at the 2010 Annual Meeting, an increase of 7.4%.

# 10. FUTURE DIRECTIONS AND PRIORITIES

The APG Strategic Plan 2009–12 is the strategic operating framework for the APG’s core business. The APG Annual Business Plan 2010–11 outlines the APG’s work programme in detail for next year. Key tasks for the upcoming year include:

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<sup>1</sup> This included required contributions under the approved core budget of AU\$1,610,400, plus an additional, unbudgeted contribution AU\$210,000 from China, which reactivated its membership of the APG at the 2009 Annual Meeting.

<sup>2</sup> The US State Department donated AU\$132,067 in October 2008. \$86,647 was spent by 30 June 2010, with remaining \$46,420 to be spent in 2010 – 11.

<sup>3</sup> 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 \$33,661 of those funds were spent by 30 June 2009. The remaining \$63,894 will be spent in 2009–10.

### ***Meetings***

- The 14<sup>th</sup> APG Annual Meeting and Annual Forum on Technical Assistance & Training will be held in July 2011 in Kochi, Kerala, India.
- An APG Typologies Workshop will be held in Bangladesh in October 2010.
- The Steering Group will meet on a regular basis as determined by the Group's members and will continue to provide on-going advice to the membership and the Co-Chairs.
- An APG Donors and Providers (DAP) Group meeting; one (1) COAMLI (Coordinating Office for the Pacific Anti-Money Laundering Initiative) meeting; and one (1) ASEAN COAG (Coordination Agreement) meeting will be held.

### ***Outreach Missions***

- Up to five outreach missions will be undertaken to APG members and other jurisdictions to facilitate full and active membership and promote commitment to implement the global AML/CFT standards.

### ***Participation in global AML/CFT network***

- As a FATF Associate Member, the APG will continue to participate in FATF plenary meetings, typologies and working group meetings.
- Information from FATF and other AML/CFT bodies will be communicated to members as it is received, through a variety of means including, email, the website and individual correspondence and communication.
- The APG will provide priority assistance and support to members affected by the FATF ICRG process, including representation at ICRG meetings, information briefings, supply of interpretative materials, implementation assistance and coordination of TA&T.
- APG Secretariat will provide communications, information and liaison assistance to the ICRG Regional Review Group as required, in order to support APG members.

### ***Mutual evaluations and evaluation training***

- Evaluations of up to seven members, including some jointly with the IMF and World Bank, will be adopted at the 2011 Annual Meeting. Seven evaluations are planned: Afghanistan (carried over from 2009–10), Lao PDR, Maldives, Marshall Islands, Nauru, Nepal and Papua New Guinea.
- The APG will implement enhanced ME follow-up procedures commencing 2010–11, including preparation of detailed analyses of progress by selected members for 2011 Annual Meeting.
- Up to 36 APG evaluators will be trained at a workshop to be held in Singapore at the IMF Regional Training Institute in August 2010.
- Undertake pre-mutual evaluation training for members scheduled for evaluation in late 2010/early 2011 (subject to external/donor funding).
- Conduct one pre-ME planning visit to a member scheduled to be evaluated in late 2011.

### ***Research***

- 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;
  - Attend the FATF Typologies Working Group in 2011; and
  - Comment on FATF projects and participate in FATF activities that are directly relevant to APG business (depending on APG Secretariat staffing levels).
- The 2010 APG Typologies Workshop will be hosted by Bangladesh and focus on a range of ML and TF methods and techniques, and will pursue a number of priority projects as recommended

by the APG Typologies Working Group (including, carbon emission trading vulnerabilities, human trafficking/smuggling issues, tele-marketing fraud and others).

- The APG will continue to support regional training initiatives (led by Donors and Providers) by building upon relevant typologies work.

#### ***Implementation assistance***

- The APG Implementation Issues Working Group (IIWG) will assist members to develop sustainable strategies to meet mutual evaluation report recommendations.
- The IIWG will continue to implement the SIP Framework in collaboration with the World Bank and other donors.
- A regional train-the-trainer SIP workshop will be hosted by New Zealand in November 2010. In addition, up to four SIP workshops will be conducted to assist APG members to develop implementation priorities.
- Undertake post-ME implementation support missions to Mongolia and Cambodia.
- The IIWG will continue to work on enhancing the usefulness of the SIP Framework with a focus on risk assessment and related issues.
- The IIWG will continue to develop an implementation resource library reflecting APG members' implementation experiences.

#### ***Technical Assistance and Training Programmes***

- The APG will provide support to members under review by the ICRG. On-site visits to these members will be determined by the member in consultation with the DAP Group.
- APG Secretariat will plan TA&T needs scoping visits to Samoa.
- A national coordination mechanisms mission to Timor-Leste.
- Undertake additional national coordination mechanism missions to other members, with the exact number subject to finalisation of funding details.
- A number of regionally informed AML/CFT TA&T projects will be scoped in collaboration with DAP Group members, which may include manuals and guidelines, and/or training programmes for legal, financial, FIU and law enforcement sectors.
- The APG Secretariat will maintain support and enhancement of existing mechanisms with the Pacific Island Forum Secretariat and the ASEAN Secretariat, and will continue efforts to establish greater cooperation with a South Asian body such as SAARC or BIMSTEC.
- The APG Secretariat will collaborate with DAP Group members to develop, coordinate and deliver AML/CFT-specific programmes in accordance with regional priorities, including:
  - Regional programmes to build AML/CFT capacity amongst AML/CFT supervisors and regulators
  - Regional enforcement and prosecution capacity building programmes, and
  - CFT implementation programmes.

This is not an exhaustive list of activities planned for 2010–11 but represents the core activities needed to meet our business objectives. Further details of the APG work programme are contained in the 2010–11 Annual Business Plan available on the APG web site ([www.apgml.org](http://www.apgml.org)) under the “documents” section.

# ANNEXES

## **ANNEX A TO APG ANNUAL REPORT 2009-2010**



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

**Adopted by Members at 12<sup>th</sup> 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

## CONTENTS

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	PAGE
APG Co-Chairs' Statement.....	2
APG Co-Chairs' Foreword.....	3
APG Members and Observers.....	5
APG Constitutional Arrangements.....	6
Organisational Statements.....	7
APG Strategies and Goals.....	8

## ANNEXES

A: APG Terms of Reference.....	15
B: APG Geographical (Sub-Regional) Groups .....	20

# **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 4<sup>th</sup> 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 4<sup>th</sup> 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:

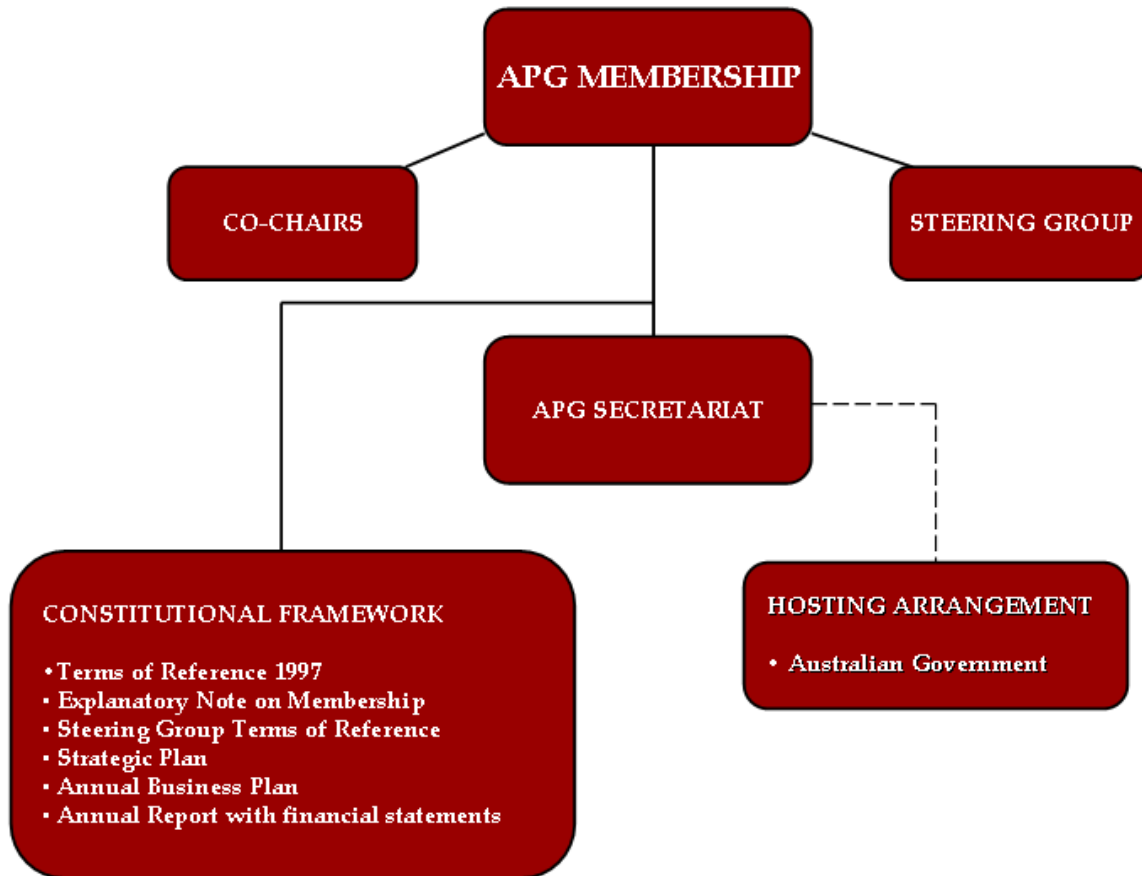
1. France
2. Kiribati
3. United Kingdom

#### 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**

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



Asia/Pacific Group  
on Money Laundering

## **APG STRATEGIC GOALS AND STRATEGIES**

<i><b>GOAL 1</b></i>	<i><b>STRATEGIES</b></i>
<p><b>PROVIDE A STRONG, COHESIVE AND AUTONOMOUS REGIONAL BODY FOR APG MEMBERS AND OBSERVERS</b></p>	<ol style="list-style-type: none"> <li>1. Undertake a process to decide whether to renew the APG's mandate beyond the end of 2012 and, if so, for how long.</li> <li>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.</li> <li>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.</li> <li>4. Support the APG Steering Group, including maintaining representation from sub-regional areas of the APG, to strengthen APG governance arrangements.</li> <li>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.</li> <li>6. Enhance relationships with strategically important regional and international organisations and jurisdictions to encourage their participation as observers in the APG.</li> </ol>

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

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



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

<i><b>GOAL 5</b></i>	<i><b>STRATEGIES</b></i>
<p><b>PROVIDE ASSISTANCE TO APG MEMBERS TO IMPLEMENT THE GLOBAL AML/CFT STANDARDS THROUGH IMPLEMENTATION PLANNING AND THE PROVISION OF GUIDANCE</b></p>	<ol style="list-style-type: none"> <li>1. Support and promote the work of APG Working Groups and Project Groups to explore and address specific AML/CFT implementation issues in depth.</li> <li>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.</li> <li>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.</li> <li>4. Develop and share comprehensive information resources to assist APG members with AML/CFT implementation.</li> </ol>

<i><b>GOAL 6</b></i>	<i><b>STRATEGIES</b></i>
<p><b>PROVIDE A COORDINATION, ADVISORY AND INFORMATION-SHARING FORUM FOR TECHNICAL ASSISTANCE AND TRAINING</b></p>	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>3. Support the development of an AML/CFT coordination mechanism(s) in each APG member jurisdiction.</li> <li>4. Conduct and support technical assistance and training needs analyses in targeted APG jurisdictions.</li> <li>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.</li> <li>6. Cooperate with APG DAP Group members and other global partners to address specific AML/CFT technical assistance and training issues.</li> <li>7. Recognise, and support, the role of the private sector in AML/CFT technical assistance and training.</li> </ol>

## **ANNEX B TO APG Annual Report 2009-2010**

### **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.

#### ***NOTING THAT:***

---

\* 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.

- 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**

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

**ANNEX C**  
**TO APG ANNUAL REPORT 2009-2010**  
**INDEPENDENT AUDIT REPORT AND FINANCIAL STATEMENTS**



## INDEPENDENT AUDITOR'S REPORT

To the Members  
Asia/Pacific Group on Money Laundering

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### Scope

#### *The financial report and Secretariat's responsibility*

The financial report comprises the balance sheet, statement of comprehensive income, cash flow statement, statement of changes in equity, accompanying notes to the financial statements, and the statement by the executive secretary of the Asia/Pacific Group on Money Laundering Secretariat, for the year ended 30 June 2010.

The Secretariat is responsible for the preparation and true and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). 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 Australian Accounting Standards (including the Australian Accounting Interpretations), 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 Secretariat:

- (i) gives a true and fair view of the Secretariat's financial position as at 30 June 2010 and of its performance for the year ended on that date, and
- (ii) complies with Accounting Standards and other mandatory financial reporting requirements in Australia.



Selina Stanford  
Director  
MOORE STEPHENS

8 October 2010



**Asia/Pacific Group  
on Money Laundering**

**Asia/Pacific Group on Money Laundering**

**Financial Statements  
for the Year Ended 30 June 2010**

## **Index to the Notes of the Financial Statements**

Statement by the Executive Secretary	3
Statement of Comprehensive Income	4
Balance Sheet	5
Statement of Changes in Equity	6
Cash Flow Statement	7
Note 1: Summary of Significant Accounting Policies	8
Note 2: Events After the Balance Sheet Date	13
Note 3: Income	14
Note 4: Expenses	16
Note 5: Financial Assets	17
Note 6: Non-Financial Assets	17
Note 7: Payables	20
Note 8: Provisions	20
Note 9: Cash flow reconciliation	21
Note 10: Contingent liabilities and assets	22
Note 11: Senior Executive Remuneration	22
Note 12: Remuneration of auditors	22
Note 13: Financial instruments	23
Note 14: Special accounts	26

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

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In my opinion, the attached financial statements for the year ended 30 June 2010 are based on properly maintained financial records and give a true and fair view of the matters required by the Australian Accounting Standards.

Signed .....



Gordon Hook  
Executive Secretary, APG Secretariat

Date of signing 8 October 2010 .



**ASIA/PACIFIC GROUP ON MONEY LAUNDERING**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the year ended 30 June 2010*

	Notes	2010 \$	2009 \$
<b>INCOME</b>			
<b>Revenue</b>			
Contributions from members	3A	1,820,134	1,484,410
Other contributions	3B	471,091	377,591
Other revenues	3C	1,652	2,843
<b>Total revenue</b>		<u>2,292,877</u>	<u>1,864,844</u>
<b>Gains</b>			
Other gains	3D	160,480	156,757
<b>Total gains</b>		<u>160,480</u>	<u>156,757</u>
<b>Total Income</b>		<u>2,453,357</u>	<u>2,021,601</u>
<b>EXPENSES</b>			
Employee benefits	4A	1,172,396	1,285,380
Depreciation and amortisation	4B	586	614
Supplier expenses	4C	383,296	267,992
Travel Expenses		552,641	563,243
<b>Total Expenses</b>		<u>2,108,919</u>	<u>2,117,229</u>
<b>Surplus (Deficit)</b>		<u>344,438</u>	<u>(95,628)</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 2010*

	Notes	2010 \$	2009 \$
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	5A	1,218,760	669,425
Trade and other receivables	5B	17,546	69,662
<b>Total financial assets</b>		<b>1,236,306</b>	<b>739,087</b>
<b>Non-Financial Assets</b>			
Property, plant and equipment	6A,B	-	586
Other	6C	8,699	68,653
<b>Total non-financial assets</b>		<b>8,699</b>	<b>69,239</b>
<b>Total Assets</b>		<b>1,245,005</b>	<b>808,326</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	7A	46,764	30,466
Unearned income	7B	317,579	244,761
Other	7C	62,561	52,393
<b>Total payables</b>		<b>426,904</b>	<b>327,620</b>
<b>Provisions</b>			
Employee provisions	8A	225,187	232,230
<b>Total provisions</b>		<b>225,187</b>	<b>232,230</b>
<b>Total Liabilities</b>		<b>652,091</b>	<b>559,850</b>
<b>Net Assets</b>		<b>592,914</b>	<b>248,476</b>
<b>EQUITY</b>			
Reserves		(950)	(950)
Retained surplus		593,864	249,426
<b>Total Equity</b>		<b>592,914</b>	<b>248,476</b>

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 2010*

	Retained earnings		Asset revaluation reserves		Total equity	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
<b>Opening balance</b>						
Balance carried forward from previous period	249,426	345,054	(950)	(950)	248,476	344,104
<b>Adjusted opening balance</b>	249,426	345,054	(950)	(950)	248,476	344,104
<b>Comprehensive income</b>						
Surplus (Deficit) for the period	344,438	(95,628)	-	-	344,438	(95,628)
<b>Total comprehensive income</b>	344,438	(95,628)	-	-	344,438	(95,628)
<b>Closing balance as at 30 June</b>	593,864	249,426	(950)	(950)	592,914	248,476
Less: non-controlling interests	-	-	-	-	-	-
<b>Closing balance attributable to the Australian Government</b>	593,864	249,426	(950)	(950)	592,914	248,476

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 2010*

	Notes	2010 \$	2009 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Contributions and other receipts		<u>2,417,811</u>	<u>2,050,619</u>
<b>Total cash received</b>		<u>2,417,811</u>	<u>2,050,619</u>
<b>Cash used</b>			
Employees		1,179,438	1,274,205
Suppliers and other payments		<u>689,038</u>	<u>773,562</u>
<b>Total cash used</b>		<u>1,868,476</u>	<u>2,047,767</u>
<b>Net cash from (used by) operating activities</b>	9	<u>549,335</u>	<u>2,852</u>
<b>Net increase (decrease) in cash held</b>		<u>549,335</u>	<u>2,852</u>
Cash and cash equivalents at the beginning of the reporting period		<u>669,425</u>	<u>666,573</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	5A	<u>1,218,760</u>	<u>669,425</u>

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

### **Note 1: Summary of Significant Accounting Policies**

#### **1.1 Objectives of Asia/Pacific Group on Money Laundering**

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

#### **1.2 Basis of Preparation of the Financial Report**

The Australian Federal Police hosted the APG for the year ended 30 June 2010 and has prepared this special purpose financial report for the members of the APG.

The statements have been prepared in accordance with 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 dollar unless otherwise specified.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies which are reported at Note 10).

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

#### **1.3 Significant Accounting Judgement and Estimates**

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

## Notes to and forming part of the Financial Statements

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### 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 Secretary applicable to the current or a future period had a significant 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.



## **Notes to and forming part of the Financial Statements**

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### **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 at the estimated salary rates that applied at the time the leave is taken, 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 2010. 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. This liability is reported by the Department of Finance and Deregulation as an administered item.

APG makes employer contributions to the Employee Superannuation Scheme at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the APG's employees. Asia/Pacific Group on Money Laundering accounts for the contributions as if they were contributions to defined contribution plans.

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 includes cash on hand, cash held with outsiders, demand deposits in bank accounts 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'.

## **Notes to and forming part of the Financial Statements**

### Loans and receivables

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

### Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

- *Financial assets held at amortised cost* - if there is objective evidence that an impairment loss has been incurred for loans and receivables 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 statement of comprehensive income.

### **1.10 Financial Liabilities**

Financial liabilities are classified as other financial liabilities.

Financial liabilities are 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.

## Notes to and forming part of the Financial Statements

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### 1.13 Property, Plant and Equipment

#### Asset recognition threshold

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

#### Revaluations

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

<i>Asset Class</i>	<i>Fair value measured at</i>
Property, 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 reserves a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

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

#### Depreciation

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

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:

	2010	2009
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**

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### **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

	2010	2009
	\$	\$
<b>Note 3: Income</b>		
<b>Note 3A: Contributions from members</b>		
<b>Members contributions</b>		
Afghanistan	6,630	6,135
Australia	124,520	119,364
Bangladesh	7,773	8,093
Brunei Darussalam	6,630	6,135
Cambodia	6,630	6,135
Canada	180,211	170,536
China	210,000	-
Cook Islands	6,630	6,135
Fiji Islands	6,630	6,135
Hong Kong, China	46,011	44,110
India	116,801	101,705
Indonesia	44,831	39,204
Japan	273,768	250,750
Korea	121,270	112,454
Lao PDR	6,630	6,135
Macau, China	6,630	6,135
Malaysia	23,989	21,730
Maldives	6,630	6,135
Marshall Islands	6,630	6,135
Mongolia	6,630	6,135
Myanmar	6,630	6,135
Nauru	6,630	6,135
Nepal	6,630	6,135
New Zealand	36,706	34,134
Niue	6,630	6,135
Pakistan	15,863	14,601
Palau	6,630	6,135
Papua New Guinea	6,630	3,276
Philippines	15,596	13,696
Samoa	6,630	6,135
Singapore	41,555	37,652
Solomon Islands	6,630	6,135
Sri Lanka	6,630	6,135
Chinese Taipei	57,478	56,869
Thailand	27,897	25,184
Timor-Leste	6,630	6,135
Tonga	6,630	6,135
United States	322,080	295,000
Vanuatu	6,630	6,135
Vietnam	7,925	7,217
<b>Total member contributions</b>	<b>1,820,134</b>	<b>1,484,410</b>

## Notes to and forming part of the Financial Statements

	2010	2009
	\$	\$
<b>Note 3B: Other contributions</b>		
Voluntary Contribution - Australia	145,480	150,636
Voluntary Contribution - New Zealand	25,000	-
Voluntary Contribution - Chinese Taipei	286	-
Project Contribution - Canadian Department of Foreign Affairs and International Trade	221,746	55,316
Project Contribution - NZ Ministry of Foreign Affairs & Trade	20,000	13,661
Project Contribution - US State Department	58,579	27,067
AusAID Sponsorship Funding	-	130,911
<b>Total other contributions</b>	<b>471,091</b>	<b>377,591</b>
<b>Note 3C: Other revenues</b>		
Cost recovery	1,652	2,843
<b>Total other revenues</b>	<b>1,652</b>	<b>2,843</b>
<b>Note 3D: Other gains</b>		
AFP - Resources received free of charge	160,480	156,757
<b>Total other gains</b>	<b>160,480</b>	<b>156,757</b>



## Notes to and forming part of the Financial Statements

	2010	2009
	\$	\$
<b>Note 4: Expenses</b>		
<b><u>Note 4A: Employee benefits</u></b>		
Wages and salaries	872,728	928,080
Superannuation:		
Defined contribution plans	44,781	65,317
Defined benefit plans	138,224	126,598
Leave and other entitlements	114,457	168,776
Other employee expenses	2,206	(3,391)
<b>Total employee benefits</b>	<b>1,172,396</b>	<b>1,285,380</b>
<b><u>Note 4B: Depreciation and amortisation</u></b>		
Depreciation:		
Property, plant and equipment	586	614
<b>Total depreciation</b>	<b>586</b>	<b>614</b>
<b><u>Note 4C: Supplier expenses</u></b>		
Temporary Employee Services/Consultants & Recruitment	122,883	58,628
Legal and audit fees	8,500	7,000
Advertising	-	916
Postage & Freight	388	547
Other Expenses	40,192	4,418
Conferences (2009 APG Annual Meeting)	28,631	-
Training	6,120	28,799
Office Equipment and Data Communications	27,027	16,472
Office Requisites/Printing of APG Documents	2,995	7,261
Property Expenses	139,760	138,851
<b>Total goods and services</b>	<b>376,496</b>	<b>262,892</b>
Goods and services are made up of:		
Provision of goods - related entities	-	-
Provision of goods - external parties	5,180	902
Rendering of services - related entities	28,631	-
Rendering of services - external parties	342,685	261,990
<b>Total goods and services</b>	<b>376,496</b>	<b>262,892</b>
<b>Other supplier expenses</b>		
Workers compensation premiums	6,800	5,100
<b>Total other supplier expenses</b>	<b>6,800</b>	<b>5,100</b>
<b>Total supplier expenses</b>	<b>383,296</b>	<b>267,992</b>

## Notes to and forming part of the Financial Statements

	2010 \$	2009 \$
<b>Note 5: Financial Assets</b>		
<b><u>Note 5A: Cash</u></b>		
Special Account	<u>1,218,760</u>	669,425
<b>Total cash</b>	<u>1,218,760</u>	669,425
All cash recognised is a current asset.		
<b><u>Note 5B: Trade and other receivables</u></b>		
Goods and services	16,497	67,684
GST receivable from the Australian Taxation Office	<u>1,049</u>	1,978
<b>Total trade and other receivables (net)</b>	<u>17,546</u>	69,662
All receivables are current assets.		
Receivables are aged as follows:		
Not overdue	1,049	1,978
Overdue by:		
0 to 30 days	487	-
30 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	<u>16,010</u>	67,684
<b>Total receivables (gross)</b>	<u>17,546</u>	69,662
<b>Note 6: Non-Financial Assets</b>		
<b><u>Note 6A: Property, plant and equipment</u></b>		
Property, plant and equipment:		
At cost	1,200	1,200
Accumulated depreciation	<u>(1,200)</u>	(614)
<b>Total property, plant and equipment</b>	<u>-</u>	586

## Notes to and forming part of the Financial Statements

### Note 6B: Reconciliation of the opening and closing balances of property, plant and equipment (2009-10)

	Other property, plant & equipment \$	Total \$
<b>As at 1 July 2009</b>		
Gross book value	1,200	1,200
Accumulated depreciation/amortisation and impairment	(614)	(614)
<b>Net book value 1 July 2009</b>	<b>586</b>	<b>586</b>
Additions:		
By purchase	-	-
Depreciation/amortisation expense	(586)	(586)
Impairments recognised in the operating result	-	-
Disposals:		
Other	-	-
<b>Net book value 30 June 2010</b>	<b>-</b>	<b>-</b>
<b>Net book value as of 30 June 2010 represented by:</b>		
Gross book value	1,200	1,200
Accumulated depreciation/amortisation	(1,200)	(1,200)
	<b>-</b>	<b>-</b>

### Note 6B (Cont'd): Reconciliation of the opening and closing balances of property, plant and equipment (2008-09)

	Other property, plant & equipment \$	Total \$
<b>As at 1 July 2008</b>		
Gross book value	1,200	1,200
Accumulated depreciation/amortisation and impairment	-	-
<b>Net book value 1 July 2008</b>	<b>1,200</b>	<b>1,200</b>
Additions:		
By purchase	-	-
Depreciation/amortisation expense	(614)	(614)
Impairments recognised in the operating result	-	-
Disposals:		
Other	-	-
<b>Net book value 30 June 2009</b>	<b>586</b>	<b>586</b>
<b>Net book value as of 30 June 2009 represented by:</b>		
Gross book value	1,200	1,200
Accumulated depreciation/amortisation	(614)	(614)
	<b>586</b>	<b>586</b>

**Notes to and forming part of the Financial Statements**

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	2010	2009
	<u>\$</u>	<u>\$</u>
<b>Note 6C: Other non-financial assets</b>		
Prepayments	<u>8,699</u>	<u>68,653</u>
<b>Total Prepayments</b>	<u>8,699</u>	<u>68,653</u>

All other non-financial assets are current assets.

## Notes to and forming part of the Financial Statements

	2010 \$	2009 \$
<b>Note 7: Payables</b>		
<b><u>Note 7A: Suppliers</u></b>		
Trade creditors	31,452	19,814
Accrued expenses	<u>15,312</u>	<u>10,652</u>
<b>Total suppliers payable</b>	<u>46,764</u>	<u>30,466</u>
All supplier payables are current liabilities.		
Settlement is usually made within 30 days.		
<b><u>Note 7B: Unearned income</u></b>		
Contributions paid in advance (2010/11)	<u>317,579</u>	<u>244,761</u>
<b>Total unearned income</b>	<u>317,579</u>	<u>244,761</u>
All unearned income is current liabilities.		
<b><u>Note 7C: Other payables</u></b>		
Salaries and wages	59,011	49,477
Superannuation	<u>3,550</u>	<u>2,916</u>
<b>Total other payables</b>	<u>62,561</u>	<u>52,393</u>
All other payables are current liabilities.		
<b>Note 8: Provisions</b>		
<b><u>Note 8A: Employee Provisions</u></b>		
Leave	<u>225,187</u>	<u>232,230</u>
<b>Total employee provisions</b>	<u>225,187</u>	<u>232,230</u>
Employee provisions expected to be settled in:		
No more than 12 months	178,665	182,685
More than 12 months	<u>46,522</u>	<u>49,545</u>
<b>Total employee provisions</b>	<u>225,187</u>	<u>232,230</u>

## Notes to and forming part of the Financial Statements

	2010	2009
	\$	\$
<b>Note 9: Cash flow reconciliation</b>		
<b>Reconciliation of cash and cash equivalents as per Balance Sheet to Statement of Cash Flows Statement</b>		
<b>Cash and cash equivalent as per:</b>		
Cash flow statement	1,218,760	669,425
Balance sheet	1,218,760	669,425
<b>Difference</b>	-	-
<b>Reconciliation of surplus to net cash from operating activities:</b>		
Surplus/(deficit)	344,438	(95,628)
<b>Adjustments for non-cash items</b>		
Depreciation /amortisation	586	614
	345,024	(95,014)
<b>Change in assets / liabilities</b>		
(Increase) / decrease in net receivables	52,116	80,793
(Increase) / decrease in prepayments	59,954	(51,755)
Increase / (decrease) in employee provisions	(7,043)	17,328
Increase / (decrease) in payables	16,298	(16,154)
Increase / (decrease) in other payables	10,168	(6,154)
Increase / (decrease) in unearned revenue	72,818	73,808
<b>Net cash from / (used by) operating activities</b>	549,335	2,852



## 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

	2010	2009
The number of executives who received or were due to receive total remuneration of \$130,000 or more:		
\$220 000 to \$234 999	-	1
\$265 000 to \$279 999	1	-
<b>Total</b>	<b>1</b>	<b>1</b>
The aggregate amount of total remuneration of executives shown above.	<b>\$268,224</b>	<b>\$222,920</b>

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

	2010	2009
	\$	\$
The cost of financial statement audit services provided to the Asia/Pacific Group on Money Laundering were	<b>8,500</b>	7,000
	<b>8,500</b>	7,000

No other services are provided.

## Notes to and forming part of the Financial Statements

	2010	2009
	<u>\$</u>	<u>\$</u>
<b>Note 13: Financial instruments</b>		
<b><u>Note 13A: Categories of financial instruments</u></b>		
<b>Financial Assets</b>		
Loans and receivables		
Cash and cash equivalents	1,218,761	669,425
Trade receivables	<u>16,497</u>	<u>67,684</u>
<b>Carrying amount of financial assets</b>	<u>1,235,258</u>	<u>737,109</u>
<b>Financial Liabilities</b>		
Supplier and other payables		
Trade Creditors	<u>46,764</u>	<u>30,466</u>
<b>Carrying amount of financial liabilities</b>	<u>46,764</u>	<u>30,466</u>

### **Note 13B: Fair value of financial instruments**

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

## Notes to and forming part of the Financial Statements

### 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's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2010 \$'000	2009 \$'000
<b>Financial assets</b>		
Trade receivables	16,497	67,684
<b>Total</b>	<b>16,497</b>	<b>67,684</b>
<b>Financial liabilities</b>		
<b>Total</b>	-	-

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 2010 \$'000	Not past due nor impaired 2009 \$'000	Past due or impaired 2010 \$'000	Past due or impaired 2009 \$'000
Trade Receivables <sup>1</sup>	-	-	16,497	67,684
<b>Total</b>	<b>-</b>	<b>-</b>	<b>16,497</b>	<b>67,684</b>

<sup>1</sup> 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 2010

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Trade receivables	487	-	-	16,010	16,497
<b>Total</b>	<b>487</b>	<b>-</b>	<b>-</b>	<b>16,010</b>	<b>16,497</b>

#### Ageing of financial assets that are past due but not impaired for 2009

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Trade receivables	-	-	-	67,684	67,684
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,684</b>	<b>67,684</b>

## 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

#### Maturities for financial liabilities 2010

	On demand	within 1	1 to 2 years	2 to 5 years	> 5 years	Total
	\$'000	year	\$'000	\$'000	\$'000	\$'000
Cash at bank	-	46,764	-	-	-	46,764
<b>Total</b>	-	46,764	-	-	-	46,764

#### Maturities for financial liabilities 2009

	On demand	within 1	1 to 2 years	1 to 2 years	> 5 years	Total
	\$'000	year	\$'000	\$'000	\$'000	\$'000
Trade Creditors	-	30,466	-	-	-	30,466
<b>Total</b>	-	30,466	-	-	-	30,466

## Notes to and forming part of the Financial Statements

### Note 14: Special accounts

<b>Financial Action Task Force - Asia Pacific Group Secretariat Account</b>	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Appropriation: <i>Financial Management and Accountability Act 1997 section 21</i>		
Establishing Instrument: <i>Financial Management and Accountability Act 1997 section 20</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	671,403	666,573
Appropriation for reporting period	-	-
Costs recovered	2,494,861	2,017,094
Appropriations to take account of recoverable GST (FMA Act section 30A)	28,139	18,121
Realised investments	-	-
Other receipts	-	-
<b>Total increase</b>	<b>3,194,403</b>	<b>2,701,788</b>
Payments made	1,974,593	2,030,385
<b>Total decrease</b>	<b>1,974,593</b>	<b>2,030,385</b>
<b>Balance carried to next period (excluding investment balances) and represented by:</b>		
Cash at bank	1,219,810	671,403
	1,218,761	669,425
Add: GST Receivable from the ATO	1,049	1,978
<b>Total balance carried to the next period</b>	<b>1,219,810</b>	<b>671,403</b>