

# APG Annual Report



**Asia/Pacific Group  
on Money Laundering**

**2014-2015**

Asia/Pacific Group on Money Laundering  
8 September 2015

**APG Annual Report 2014-2015**

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Asia/Pacific Group  
on Money Laundering

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## APG ORGANISATIONAL STATEMENTS (2012-2016)

<b>VISION</b>	<b>A pro-active multilateral organisation contributing to a reduction in crime in the Asia/Pacific region through continuous efforts.</b>
<b>MISSION</b>	To combat money laundering and the financing of terrorism and proliferation in the Asia/Pacific region through effective implementation of the international anti-money laundering and countering the financing of terrorism and proliferation (AML/CFT) standards by APG members and effective participation in the international AML/CFT standard-setting process.
<b>VALUES</b>	<ol style="list-style-type: none"> <li>1. Cooperation</li> <li>2. Accountability</li> <li>3. Consistency</li> <li>4. Transparency</li> <li>5. Equality</li> </ol>
<b>GOALS</b>	<p>To achieve the APG's Mission, the APG will:</p> <ol style="list-style-type: none"> <li>1. Be a cohesive and effectively governed autonomous multilateral organisation.</li> <li>2. Participate in the global AML/CFT network and support international cooperation on AML/CFT.</li> <li>3. Assess and improve members' compliance with the international AML/CFT standards.</li> <li>4. Conduct research and analysis to enhance understanding of the ML, TF and PF environments and the effectiveness of AML/CFT efforts.</li> <li>5. Assist members to implement the international AML/CFT standards through guidance, advice and coordination of technical assistance and training.</li> </ol>

## APG Co-CHAIRS' REPORT CERTIFICATION

**To: APG Members**

In accordance with Section 6.5 of the APG Terms of Reference 2012 requiring the filing and signing of Annual Reports and financial statements by the APG Co-Chairs, we submit the following report to the membership on the operations of the Asia/Pacific Group on Money Laundering (APG) for the period 1 July 2014 to 30 June 2015.

This report highlights the achievements of the APG over the reporting period against the goals and strategies contained in the APG Strategic Plan 2012-2016. This report also contains additional information as required by public sector agencies under Australian law which, although the APG is not bound to include, is nevertheless included as a matter of best practice.

The independent audit report of Moore Stephens (Accountants) of Canberra, Australia dated 7 September 2015 is attached to this report.

8 September 2015

[signed]

**Commissioner Andrew Colvin**

**APG Co-Chair**

Australia

[signed]

**Deputy Secretary Rajesh Chhana**

**APG Co-Chair**

New Zealand

## APG CO-CHAIRS' FOREWORD



**Mr Rajesh Chhana**



**Commissioner Andrew Colvin**

This report highlights the major achievements of the APG over the past financial year. We are pleased with the results achieved against our Strategic Plan 2012-2016 and our Annual Business Plan 2014-2015.

Over the year, the APG undertook 49 activities across a range of key responsibilities including mutual evaluations, technical assistance, typologies and associate member activities with the FATF. In addition the steering group met five times in the year to consider important governance issues. These programmes and activities were all delivered with a better than budgeted outcome for the financial year. This was in part due to the generous voluntary contributions and support received from Australia, Canada, China, New Zealand, Singapore, Chinese Taipei and the United States.

The APG's current four year strategic plan (2012-2016) concludes next year. Drafting of the 2016-2020 strategic plan is underway and reporting against the current plan will be completed before next year's annual meeting.

The APG's third round of mutual evaluations commenced in 2014, with five reports adopted at the 2015 annual meeting. These were the first mutual evaluations conducted under the 2013 assessment methodology. Work has commenced on five further mutual evaluations to be undertaken in 2015-16. The APG continues to hold mutual evaluation assessor training workshops to ensure a pool of assessors to draw from for the 2016-17 and 2017-18 mutual evaluations. The APG's *Transitional Follow-Up Procedures 2015* were also adopted which apply to APG members who have completed a second round evaluation, but have not yet been evaluated under the 2013 methodology.

During the year, on the recommendation of the APG steering group, we issued a policy statement on governance which clarifies some important governance matters and confirms in writing previous entrenched practice in relation to meetings. This report contains more detail on the terms of that statement.

In the past year three APG members have been removed from FATF monitoring through the FATF's International Cooperation Review Group (ICRG) namely, Cambodia, Indonesia and Pakistan. All three members have made significant improvements in their AML/CFT systems. Congratulations are due to all three for their concerted efforts.

Our thanks go to New Zealand for hosting of a very successful APG annual meeting in Auckland in July 2015.

As Australian APG Co-Chair, I am stepping down from the APG Co-Chair position which I have very much enjoyed over the past three years. The Australian APG Co-Chair position will be ably filled by Australian Federal Police Deputy Commissioner Operations Leanne Close. On behalf of the membership, as New Zealand Co-Chair, I would like to thank Commissioner Colvin for his leadership and commitment to the work of the APG, and welcome Deputy Commissioner Close.

We look forward to a successful 2015-2016 year and to the 2016 annual meeting which will be hosted by Bangladesh in Dhaka.

8 September 2015

[signed]

**Commissioner Andrew Colvin**  
**APG Co-Chair**  
Australia

[signed]

**Deputy Secretary Rajesh Chhana**  
**APG Co-Chair**  
New Zealand



**Deputy Commissioner Leanne Close**  
**assumed the Australian Co-Chair role**  
**in July 2015**

## EXECUTIVE SECRETARY'S REPORT



In our five key programme areas outlined in the APG Strategic Plan 2012-2016, the APG achieved a number of major outcomes in the 2014-2015 financial year. I would like to express my gratitude to Australia, Canada, China, New Zealand, Singapore, Chinese Taipei and the United States for additional voluntary funding to support the objectives of the APG without which many of our programmes would not be possible.

*Governance and membership:* As mentioned by the Co-Chairs in their Foreword a key governance document was issued in 2015 referred to as *Policy Statement – Governance 2015* in which a number of clarifications are made both within the *Terms of Reference 2012* and through entrenched practice over the last 18 years. Importantly, a membership admission rule is clarified to indicate that admission of a new member by “majority vote” at an annual meeting failing consensus out-of-session is not valid and is inconsistent with other provisions in the *Terms of Reference 2012*. The APG membership has made a number of significant decisions in relation to current members who are not fully implementing their obligations under the APG Terms of Reference 2012 and the FATF standards. Many of those decisions will be carried forward in the next financial year for follow-up.

*Mutual evaluation programme:* Five mutual evaluations (Australia, Malaysia, Samoa, Sri Lanka and Vanuatu) were adopted at the 2015 annual meeting. These were the first evaluations adopted using the 2013 assessment methodology, with its focus on effectiveness. The standards contained in this methodology are complex and the time needed by members and assessment teams to prepare for evaluations is much more time consuming than in the last round. The APG will continue to conduct intensive workshops to qualify assessors and for members to be assessed.

*Implementation assistance:* The APG continued to provide support to APG members undergoing the FATF International Cooperation Review Group (ICRG) process, with three APG members successfully exiting this process this year. In addition, the APG conducted five ICRG-related meetings involving technical assistance needs assessments, and outreach to key stakeholders including relevant multilateral and bilateral donors and providers. Also the government of New Zealand funded and chaired two important regional workshops on targeted financial sanctions with the UN Ombudsperson attending both.

*Typologies:* In November 2014 an APG/FATF joint experts meeting on typologies was hosted by the government of Thailand. This workshop involved over 250 delegates from 54 jurisdictions, plus international organisations and representatives of the private sector. We are now preparing for our 2015 typologies workshop which will be held in Kathmandu, Nepal in November.

*Associate membership/global network:* The APG continues to work closely with the FATF, FATF-style regional bodies and other relevant AML/CFT bodies. The APG has attended a number of FATF events throughout the year including FATF plenaries and working group meetings and Asia-Pacific regional review group meetings. The APG secretariat also attended and instructed delegates at the EAG/FATF assessor training workshop in October 2014 and the EAG plenary meeting in Tajikistan in November 2014.

Once again, I would like to thank the Australian government (in particular Australian Federal Police), who continue to host the APG secretariat and provide administrative and other essential legal, IT and HR support, including seconded staff, at no cost to APG members, representing a significant cost saving. Thanks are also due to AUSTRAC (Australia's FIU and AML/CFT regulator) for seconding staff members to the secretariat in the previous year and in the upcoming year to assist with delivering our programmes. These secondments are crucial to the secretariat which faces staffing challenges in light of the very heavy burden associated with the new assessment methodology.

I would also like to thank all APG members, observers and partners for their support throughout the past year. The secretariat looks forward to another busy year in 2015-2016.

8 September 2015

[signed]

**Dr Gordon Hook**

**APG Executive Secretary**

# PART ONE

Overview of APG

Summary of this Report

## PART ONE

### OVERVIEW AND SUMMARY

#### OVERVIEW OF APG

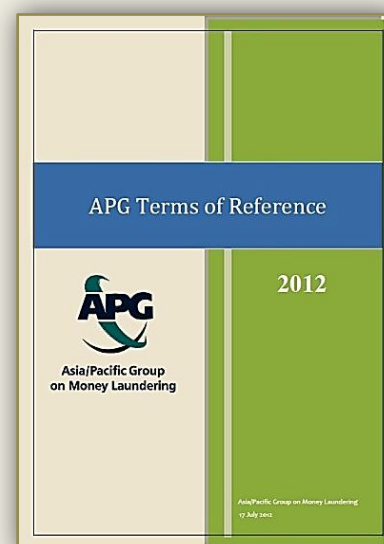
##### Establishment of APG

The APG was established in Bangkok, Thailand in 1997 through an initiative by the “FATF Asia secretariat” which started in 1995. In co-operation with other international bodies, the FATF Asia secretariat worked to consolidate support for anti-money laundering measures. Its primary objective was to obtain wide regional commitment to implement anti-money laundering policies and initiatives and secure agreement to establish a more permanent regional anti-money laundering body. Typologies workshops were held in Hong Kong, China in October 1995 and November 1996, and the Third Asia Money Laundering Symposium was held in Tokyo, Japan in December 1995. At the Fourth (and last) Asia/Pacific Money Laundering Symposium (in Bangkok) in February 1997, the APG was officially established by Terms of Reference as an autonomous regional anti-money laundering body. At the same time a new “APG secretariat” was established to be located in, and financially supported by, Australia.

##### APG Terms of Reference (1997 and 2012)

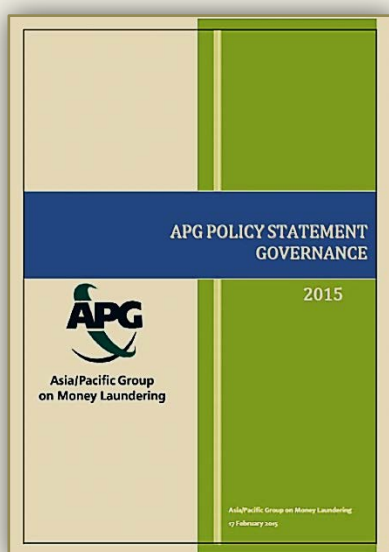
In 1997 Terms of Reference within the APG were endorsed by the 13 founding members, namely Australia; Bangladesh; Chinese Taipei; Hong Kong, China; Japan; New Zealand; People’s Republic of China; Philippines; Singapore; Sri Lanka; Thailand; United States of America; and Vanuatu. This document served as the constitutional framework document for the APG, together with supplemental documents (Explanatory Note on Membership and the Steering Group Terms of Reference), until July 2012 when it was replaced by a more comprehensive and streamlined APG Terms of Reference 2012.

The 2012 APG Terms of Reference consolidates and rationalises the APG reporting and governance framework. It also formally recognises and endorses the revised FATF standards (2012) which are the core standards for the APG’s third round of mutual evaluations.



available at [www.apgml.org](http://www.apgml.org)

##### Policy Statement on Governance 2015



available at [www.apgml.org](http://www.apgml.org)

In February 2015, the Co-Chairs issued a policy statement clarifying governance and membership-related issues arising from the APG Terms of Reference 2012 and long standing APG practice. The statement (approved by the steering group) outlines:

- the rights and obligations of members;
- the role of the executive secretary;
- what amounts to a quorum for annual meetings and steering group meetings; and
- admission of new members between annual meetings.

With respect to the last point, the policy statement clarifies that where members fail to unanimously admit a new member out-of-session (between annual meetings) the decision-making process at the next annual meeting on the membership application will be reached by way of consensus and not by majority vote (as stated in the Terms of Reference 2012. This is consistent with paragraph 7 of the Terms of Reference 2012 that “all decisions at APG meetings shall be by consensus”.

## Role of APG

The primary objective of the APG is to combat money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction in the Asia/Pacific region through effective implementation of the international anti-money laundering and countering the financing of terrorism and proliferation (AML/CFT) standards by APG members and effective participation in the international AML/CFT standard-setting process. In order to achieve this objective the APG has six primary functions. Those functions are to:

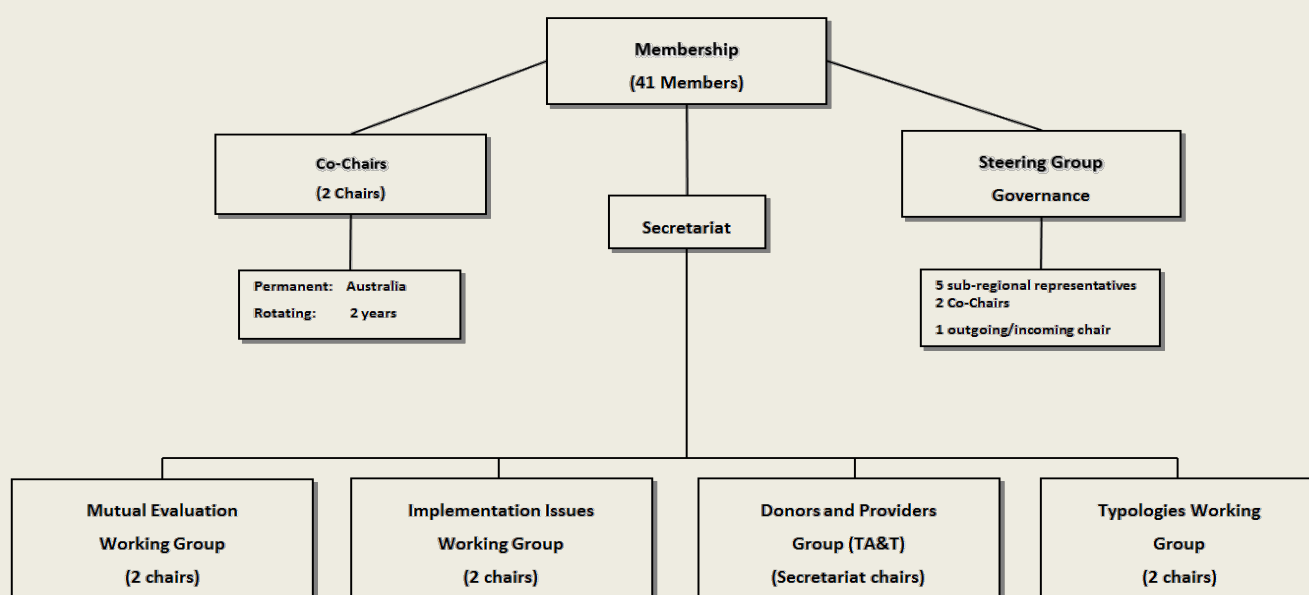
1. Provide a focus for co-operative efforts to combat money laundering and the financing of terrorism/proliferation in the region;
2. Provide a forum in which regional issues can be discussed and experiences shared, and where operational co-operation among members is encouraged;
3. Facilitate the adoption and implementation by members of internationally accepted combating of money laundering and financing of terrorism and proliferation measures;
4. Enable regional and jurisdictional factors to be taken into account in the implementation of international combating of money laundering and the financing of terrorism and proliferation measures;
5. Encourage jurisdictions to implement combating money laundering and the financing of terrorism and proliferation initiatives including more effective mutual legal assistance; and
6. Co-ordinate and provide practical support, where possible, to members and observer jurisdictions in the region which request it.

## APG ORGANISATIONAL STRUCTURE

The APG is an autonomous, voluntary and co-operative multilateral organisation established by consent among its 41 members. The APG's strategic direction, finances, business plan, work schedule and priorities, and its procedures are determined on a consensus basis among all members. Under the APG Terms of Reference 2012 there are five principal APG organs, as follows (described below in order of importance):

- Membership;
- Co-Chairs;
- Steering Group;
- Working Groups; and
- Secretariat.

Diagrammatically the APG is structured as follows:



## Members and Observers

The membership is the decision-making body of the APG. All other organs (Co-Chairs, Steering Group, working groups and secretariat) are ultimately responsible to, and report to, the APG membership. Since its establishment in 1997, the APG has grown considerably. From its original 13 founding members it now consists of 41 members across the region making it the largest FATF-style regional body in the world (geographically and in terms of membership size). Ten members of the APG are also members of the FATF, namely: Australia; Canada; China; India; Hong Kong, China; Japan; Republic of Korea; New Zealand; Singapore; and the United States.

For efficient management and effective representational purposes for the 41 members, the APG region is divided into five easily identifiable and logical sub-regions as follows:

1. North Asia;
2. South East Asia;
3. South Asia;
4. Pacific;
5. CANZUS.

The membership composition of each sub-region effective 30 June 2015 is as follows:

APG Members by Sub-Region				
North Asia	South East Asia	South Asia	Pacific	CANZUS
China	Brunei Darussalam	Afghanistan	Cook Islands	Australia
Hong Kong, China	Cambodia	Bangladesh	Fiji	Canada
Japan	Indonesia	Bhutan	Marshall Islands	New Zealand
Macao, China	Lao PDR	India	Nauru	United States
Mongolia	Malaysia	Maldives	Niue	
Republic of Korea	Myanmar	Nepal	Palau	
Chinese Taipei	Philippines	Pakistan	Papua New Guinea	
	Singapore	Sri Lanka	Samoa	
	Thailand		Solomon Islands	
	Timor Leste		Tonga	
	Vietnam		Vanuatu	

## APG Co-Chairs

The APG has two Co-Chairs: Australia, as host of the APG secretariat, holds one Co-Chair position (a permanent position) and the other is rotated among APG members every two years. The rotating Co-Chair position is currently held by New Zealand with a term from July 2014 to July 2016. Both Australia and New Zealand were founding members of the APG in 1997. The Co-Chairs are responsible for chairing APG meetings and providing strategic advice and direction to the membership.

**Co-Chair, Australia:** The Australian Co-Chair position was held by Australian Federal Police (AFP) Commissioner Andrew Colvin during the financial year. Commissioner Colvin joined the AFP in 1990 and was appointed to his current role in October 2014. Immediately prior to this, Commissioner Colvin held the position of Deputy Commissioner responsible for National Security. In 2013 he was appointed Deputy Commissioner responsible for AFP Close Operations Support, and from 2010 to 2013 he was the Deputy Commissioner Operations.

At the close of the July 2015 annual meeting, Commissioner Colvin stepped down as Co-Chair. AFP Deputy Commissioner Leanne Close assumed the role on behalf of Australia. Deputy Commissioner Close joined the Australian Federal Police in 1986 and currently holds the position of Deputy Commissioner Operations. Her current role encompasses management of more than 2,600 staff members, and encompasses responsibility for Crime Operations, Serious and Organised Crime, and International Operations, as well as office mentor to Melbourne, Brisbane, Sydney, Perth and Adelaide.

**Co-Chair, New Zealand:** The rotating Co-Chair position is held by Mr Rajesh Chhana who is the Deputy Secretary, Policy at the New Zealand Ministry of Justice. He has held that role since February 2015. Mr Chhana is responsible for all

justice policy matters including New Zealand's AML/CFT commitments. Rajesh Chhana has more than a decade's experience at the Ministry. He first worked at the Ministry of Justice in 1996 when he was a legal advisor in the Legal Service Group. He has held a variety of senior advisory and management roles in both the public and private sectors including General Manager, Crime Prevention Criminal Justice (now Criminal Justice). Mr Chhana has previously spent two years as a public law practitioner and served as Justice Private Secretary providing legal counsel to Ministers of Justice from both major political parties. Mr Chhana assumed APG Co-Chair responsibilities on behalf of New Zealand in February 2015 following Mr Frank McLaughlin who was initially appointed by New Zealand in July 2014. Mr McLaughlin moved to New Zealand's Department of Prime Minister and Cabinet in February 2015 and was unable to continue in the role as Co-Chair.

### Previous Rotating Co-Chairs

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

APG member	Agency/Department	Date
• Philippines:	Department of Foreign Affairs	1998-2000
• Malaysia:	Central Bank of Malaysia	2000-2002
• Korea:	Korea Financial Intelligence Unit	2002-2004
• Japan:	Japan Financial Intelligence Office	2004-2006
• Indonesia:	Indonesian Financial Transaction Reports & Analysis Centre	2006-2008
• Singapore:	Commercial Affairs Department	2008-2010
• India:	Directorate of Enforcement	2010-2012
• China:	Anti-Money Laundering Bureau of the People's Bank of China	2012-2014
• New Zealand:	Ministry of Justice	2014-2016

### Incoming Rotating Co-Chairs

#### *Sri Lanka (July 2016-2018)*

Sri Lanka was endorsed in July 2013 as the rotating Co-Chair for 2016-2018 following the completion of New Zealand's term and will host an Annual Meeting in 2017. Sri Lanka is a founding member of the APG.

#### *Bangladesh (2018-2020)*

Bangladesh was formally endorsed by the APG membership out-of-session in September 2014 as the Co-Chair for 2018-2020. Bangladesh hosted the 13th APG Typologies Workshop in 2010 and has hosted a number of other APG workshops.

### Steering Group

The APG Steering Group is an advisory and governance group with cross-regional representation of the five major Asia/Pacific sub-regions and was established in 2004 and now operates under the APG Terms of Reference 2012. The purpose of the Steering Group is to provide the Co-Chairs and members with strategic advice on the structure, functioning and support for the APG and to consider and decide on issues referred to it by the membership. To achieve this purpose, members of the Steering Group consider governance and other issues of strategic importance referred to it. Members of the group also:

- provide advice to the APG Co-Chairs and APG members through the APG secretariat on issues of strategic importance;
- consider and decide by consensus on issues referred to it by the APG membership;
- advise on potential future Co-Chairs of the APG;
- assist with engaging and influencing all APG members to effectively participate in APG activities, including leading or sponsoring specific APG projects; and
- encourage non-members in their geographic area to join the APG and consider, as required, the participation of non-members and non-observers in APG events on a case-by-case basis.

Membership in the APG Steering Group includes representatives from each of five geographical sub-regions within the APG. In addition, the current APG Co-Chairs, and the immediate past and nominated future Co-Chair (for one year each) are members of the Steering Group.

### **Donors and Providers (DAP) Group and Working Groups**

The APG DAP Group and a number of working groups have been formed by the APG membership since the APG's establishment. Their function is to address specific issues and report to the membership on those issues. Currently there are four working groups as follows:

- DAP Group;
- Typologies Working Group;
- Implementation Issues Working Group; and
- Working Group on Mutual Evaluations and Follow-up.

**DAP Group:** The DAP Group was established by terms of reference endorsed by the membership in 2002. At that time there was a need for a strategic framework and central contact point to coordinate technical assistance with bilateral and multilateral AML/CFT donors in the region for low capacity APG members. The DAP Group has evolved into a core operating group and has 12 APG donor members and 19 donor observer organisations. The APG secretariat chairs face-to-face DAP Group and teleconference meetings by agreement of the membership and individual DAP group members.

Each year the DAP Group meets, concurrently with the APG annual meeting, at the Annual Forum on Technical Assistance and Training. Individual donor sessions are held with APG members where donors and providers are encouraged to commit to tailored technical assistance programmes to assist members to more closely comply with the international AML/CFT standards.

**Typologies Working Group:** The APG Typologies Working Group (TYWG), established at the 2003 annual meeting, built on the earlier APG Working Group on Alternative Remittances and Underground Banking. APG members recognised the importance of having a formal working group committed to researching and analysing emerging trends and issues in relation to money laundering and terrorist financing. Each year the TYWG manages research projects and organises the publication of APG Annual Typologies Reports and individual research reports. The Terms of Reference for this working group were updated in July 2013 to more accurately reflect its roles and functions, and to take account of global AML/CFT developments. The new Typologies Terms of Reference provide for contact group engagement with the private sector in recognition of the APG's commitment to more effective cooperation.

The Typologies Working Group is currently co-chaired by Fiji and Mongolia.

**Implementation Issues Working Group:** The Implementation Issues Working Group (IIWG) was established by formal terms of reference at the 2003 APG annual meeting to build on and develop the work done by the APG Working Group on Information Sharing. The purpose of the IIWG is to assist APG members to effectively implement the FATF 40 Recommendations. To achieve this, the IIWG provides practical assistance to APG members through the provision of post-mutual evaluation implementation materials and tools in collaboration with evaluated members and the DAP group. This assists members who have just been evaluated to systematically identify and meet compliance gaps identified in the mutual evaluation report. The IIWG also provides information and advice to donors and providers to assist in the development of programs to assist members to address practical implementation issues and undertakes in-depth projects with relevant bodies to study implementation lessons and practice.

The IIWG is currently chaired by New Zealand.

**Working Group on Mutual Evaluations:** The Mutual Evaluation Working Group (MEWG) oversees the APG's mutual evaluation programme, mutual evaluation follow-up issues and consistency between mutual evaluation reports. The MEWG contributes to APG policy input into the FATF relating to the FATF standards, including best practice papers and assessment methodology. The MEWG also makes recommendations through the APG Steering Group on membership issues, if needed, to address on-going deficiencies reflected in individual member progress reports.

The MEWG is currently co-chaired by Australia and Macao, China.

## Secretariat

The APG secretariat is part of the governance structure of the APG. Its primary role is to support the operations of the APG including the Co-Chairs, Steering Group, working groups and individual APG members. The secretariat acts as a focal point for the APG. Its primary responsibilities include:

- supporting the governance framework of the APG, including Co-Chairs and Steering Group;
- providing secretariat services to and serving as a focal point for the APG membership;
- coordinating AML/CFT mutual evaluations;
- implementing the APG's technical assistance and training strategy including the effective coordination of those services with donors and providers;
- providing expertise and research on money laundering, terrorist financing and proliferation financing in relation to weapons of mass destruction as well as other emerging issues to members and interested persons and organisations;
- organising and conducting the APG's annual meeting and other inter-sessional meetings, such as working groups and special project groups;
- preparing, conducting and chairing the annual Typologies Workshop for members and observers to analyse and share information on methods, trends and case studies, and to conduct projects on emerging typologies;
- reporting to APG members at annual meetings and working groups;
- attending FATF plenary meetings as an associate member and liaising regularly with the FATF secretariat and other FATF-style regional bodies;
- participating in the FATF's Asia-Pacific Regional Review Group on International Cooperation and supporting APG members subject to this process;
- providing advice and information to, and linkages between, international and regional agencies (especially financial, legal and law enforcement agencies) on money laundering, terrorist financing and proliferation financing matters;
- establishing and maintaining effective working relationships with relevant international and regional organisations, including the UN, World Bank, International Monetary Fund, Asian Development Bank, Egmont Group, OECD, APEC, Pacific Islands Forum secretariat, ASEAN, the Group of International Finance Centre Supervisors, and other similar bodies to advance the APG's strategic goals;
- providing information and education to private sector agencies, including universities and other tertiary education institutions, in relation to the global AML/CFT standards under the APG's private sector outreach programme.

In discharging these responsibilities, the secretariat supports approximately 400 delegates from its 41 members and observers (jurisdictions and international organisations), as well as providing policy and administrative support across a range of business activities including those activities which intersect with FATF issues as part of the APG's associate membership status in that organisation.

## STRATEGIC INTERNATIONAL CONTEXT

In the APG Terms of Reference of 1997 and in subsequent amendments, it was recognised that the FATF standards constitute the international benchmark for anti-money laundering and combating the financing of terrorism. This was carried forward in the APG Terms of Reference 2012 with a formal endorsement by the full membership of the revised 2012 version of those standards (the FATF's Forty Recommendations) in July 2012.

Since its inception, the APG has worked closely with the FATF and other FATF-style regional bodies (FSRBs) both in terms of development of the FATF standards and in terms of coordinating joint programmes, research and workshops.

In June 2006 the APG was granted associate membership in the FATF. This status permits the APG to have direct access into the policy-making and standard-setting process of the FATF. The significance of this relates directly to non-FATF APG members who may attend FATF plenary meetings as APG delegates. Since 2006, the level of non-FATF APG participation has increased significantly as more and more APG members take an active interest in the process by which the FATF makes global AML/CFT policy.

In July 2007 APG agreed a rule that any FSRB admitted to the FATF as an associate member is automatically an observer in the APG. All of these FSRBs are FATF associate members and therefore observers in the APG. The APG, FATF and the other seven FSRBs form an effective inter-connected network committed to reducing serious financial crime around the globe. The other FATF-style regional bodies are:

- CFATF Caribbean Financial Action Task Force, based in Trinidad and Tobago;
- EAG Eurasian Group, based in Moscow, Russian Federation;
- ESAAMLG Eastern & Southern Africa Anti-Money Laundering Group, based in Dar es Salaam, Tanzania;
- GAFILAT Latin America Anti-Money Laundering Group, based in Buenos Aires, Argentina;
- GIABA West Africa Money Laundering Group, based in Dakar, Senegal;
- MENAFATF Middle East and North Africa Financial Action Task Force, based in Manama, Bahrain;
- MONEYVAL Council of Europe Anti-Money Laundering Group, based in Strasbourg, France

The APG and FATF have reciprocal rights of attendance at each other's meetings as well as reciprocal sharing of documents and participation in working groups. The APG and FATF are involved in joint mutual evaluations of common members of both organisations.

In addition to the FSRBs already mentioned there are a number of other key participant-observers (jurisdictions and organisations).

All APG observers (jurisdictions and organisations) are listed in the following table:

APG Observers (effective 2015)			
Jurisdictions	Organisations		FATF/FSRBs
France	ADB/OECD Anti-Corruption Initiative	Oceania Customs Organisation	CFATF
Germany	APEC secretariat	Pacific Islands Chiefs of Police	EAG
Democratic Republic of Korea	ARIN-AP	Pacific Islands Forum Secretariat	ESAAMLG
People's Republic of Korea	ASEAN secretariat	Pacific Islands Legal Officers' Network	FATF
Kiribati	Asian Development Bank	Pacific Financial Technical Assistance Centre	GAFILAT
Federated States of Micronesia	Commonwealth secretariat	United Nations	GIABA
Russian Federation	Egmont Group of FIUs	UN Office on Drugs and Crime	MENAFATF
Tuvalu	Group of International Finance Centre Supervisors	World Bank	MONEYVAL
United Kingdom	IMF	World Customs Organisation	
	Interpol		

## STRATEGIC AND OPERATING PLANS

The APG adopts four-year strategic plans, annual business plans and an annual budget all of which are prepared by the secretariat, approved by the membership, and reported on to the membership on their expiry. The APG also has a communication strategy (Information and Communications Strategy 2015) that outlines: (1) the framework within which the APG manages the information it collects during the course of its business; (2) rules relating to engagement with the private sector, including the media, and (3) copyright in the information collected and produced by the APG.

### APG Reporting Framework

The APG's formal reporting structure requires a number of performance and outcomes-based reporting as follows:

- Annual Report;
- Mid-year report and budget update;
- Report Against Business Plan;
- Report Against Strategic Plan (at expiry of each four-year strategic plan).

Budget expenditures are reported to the membership in the mid-year report, on a preliminary basis at mid-point in the financial year, and in a detailed budget paper for the APG annual meeting. Independently audited and detailed annual financial statements are prepared after the annual meeting each year and attached to the annual report.

## SIGNIFICANT APG MEETINGS EACH YEAR

The APG holds three significant meetings each year:

- APG annual meeting;
- Annual Forum on Technical Assistance and Training; and
- Annual Typologies and Capacity Building Workshop.

**APG Annual Meeting:** The full membership meets once a year in plenary (usually in mid-July) to discuss a range of issues but primarily to make the necessary strategic and business decisions for the operation of the APG. Decisions are made on confidential issues, such as membership action, the budget, strategic and business plans (as well as reports against those plans), policy issues including FATF associate membership issues, mutual evaluation reports and follow-up reports and other issues. Annual meetings are hosted by the rotating Co-Chair usually every second year and are convened over a five day period with extra days as required. APG working group meetings are also held during the annual meeting week.

**Annual Forum on Technical Assistance and Training:** Each year the APG's annual forum on technical assistance and training convenes during the week of the APG annual meeting to address regional technical assistance and training needs. The Annual Forum includes a meeting of DAP members, a series of meetings between the DAP Group and individual APG members to discuss priority assistance needs and assistance, and two sub-regional meetings for ASEAN and Pacific Islands Forum members, jointly chaired by APG secretariat and ASEAN representatives and the Pacific Islands Forum Secretariat respectively.

**Annual Typologies and Capacity Building Workshop:** Yearly typologies and capacity building workshops are held by the APG (usually in October or November) to bring together law enforcement and regulatory experts to discuss money laundering and terrorist/proliferation financing trends as well as policy and implementation issues emerging from those trends. These workshops generally have topical 'themes' to provide a focus for the discussion. During these meetings delegates also consider ways to improve international co-operation in the detection, investigation and seizure of terrorist finances and proceeds of crime, and where appropriate, the repatriation of the proceeds of crime, especially when the proceeds are transmitted to other jurisdictions.

## SUMMARY OF THIS ANNUAL REPORT

### Outline of Report Structure

This Annual Report summarises the achievements of the APG against the Strategic Plan 2012-2016 from 1 July 2014 to 30 June 2015, incorporating outcomes from the 18<sup>th</sup> annual meeting in July 2015 convened in Auckland, New Zealand. The report is divided into five Parts and is prefaced by reports from the APG Co-Chairs' and the Executive Secretary.

**Part One** provides a background summary of the APG as an organisation.

**Part Two** contains a summary of the 18<sup>th</sup> annual meeting. Notwithstanding that the annual meeting each year falls outside the reporting period it has been the practice of the APG to report on the major outcomes of the meeting as part of the activity of the organisation for the financial year.

**Part Three** of this report contains a detailed performance report against the strategic goals and key performance indicators in the APG Strategic Plan 2012-2016. The five goals are:

- Goal 1: APG Governance and Accountability
- Goal 2: Global Participation and Cooperation
- Goal 3: Assessing Compliance
- Goal 4: Research and Analysis
- Goal 5: Implementation Assistance

**Part Four** of this report outlines the management and accountability structures in place in relation to the APG secretariat including a statement of the structure of the secretariat, an outline of the secretariat's hosting arrangement and risk management framework, issues relating to staff and asset management. The APG financial statements are also discussed in this part together with a summary of the financial outcomes of the year.

**Part Five** is a summary statement of major APG activities planned for the coming financial year (2015-2016).

#### Table of APG Activities 2014-2015

Below is a list of all APG activities in 2014-2015 divided into three categories:

APG ACTIVITIES, VISITS AND CONFERENCES 2014-2015		
Associate member activities	APG plenaries, meetings, visits	Conferences, workshops, seminars
<ul style="list-style-type: none"> <li>FATF Norway ME face-to-face, France, August 14</li> <li>ICRG RRG face-to-face meetings, Cambodia, September 14</li> <li>EAG/FATF assessor training, India, October 14</li> <li>FATF plenary meetings, France, October 14</li> <li>EAG plenary meetings, Tajikistan, November 14</li> <li>ICRG RRG face-to-face meetings, Sydney, January 15</li> <li>FATF plenary meetings, France, February 15</li> <li>ESAAMLG efficiency scrutiny benchmarking exercise, Sydney, April 15</li> <li>ICRG RRG face-to-face meetings, Indonesia, May 15</li> <li>FATF plenary meetings, Australia, June 15</li> </ul>	<ul style="list-style-type: none"> <li>APG annual meeting and Technical Assistance and Training Forum, Macao, China, July 14</li> <li>Australia ME onsite (FATF/APG), Australia, August 14</li> <li>Lao PDR ICRG support visit, Vientiane, August 14</li> <li>APG assessor training, Korea, August 14</li> <li>Samoa Pre-ME workshop, Apia, August 14</li> <li>Cambodia RRG exit visit, Phnom Penh, September 14</li> <li>APG Trans-Pacific Drug Trafficking project meeting, Australia, October 14</li> <li>Samoa ME, Apia, November 14</li> <li>Malaysia ME November 14</li> <li>FATF/APG Joint Experts Meeting on Typologies, Thailand, November 14</li> <li>ICRG support visit, Indonesia, December 14</li> <li>Sri Lanka ME, Colombo, December 14</li> <li>Vanuatu pre-ME workshop, Port Vila, December 14</li> <li>Australia ME face-to-face meeting, Hong Kong, China, January 15</li> <li>Vanuatu ME onsite, January 15</li> <li>Lao PDR- ICRG meeting, Vientiane, February 15</li> <li>Cambodia ICRG support visit, Phnom Penh, February 15</li> <li>Malaysia ME face-to-face meeting, Kuala Lumpur, March 15</li> <li>Regional pre-ME workshop, Sydney, April 15</li> <li>Bangladesh pre-ME, Sydney, April 15</li> <li>Indonesia RRG exit visit, Jakarta, May 15</li> <li>DPRK AML/CFT awareness raising workshop, Sydney, May 15</li> <li>Samoa ME face-to-face meeting, Apia, May 15</li> <li>Sri Lanka ME face-to-face meeting, Colombo, May 15</li> <li>ICRG support visit, Papua New Guinea, May 15</li> <li>Vanuatu ME face-to-face meeting, Sydney, June 15</li> </ul>	<ul style="list-style-type: none"> <li>ARIN-AP 1<sup>st</sup> AGM, Indonesia, August 2014</li> <li>APG regional workshop on implementing targeted financial sanctions against terrorism, Jakarta, September 14</li> <li>Indonesia/Cambodia bilateral consultations on SR III, Phnom Penh, September 14</li> <li>PICP conference, New Zealand, October 14</li> <li>Korea &amp; UNODA regional workshop in strengthening implementation of UNSCR 1540, Seoul, October 14</li> <li>Asia Region law enforcement management program (ARLEMP), Vietnam, November 14</li> <li>Pakistan regulatory drafting workshop, Canberra, November 14</li> <li>Sri Lanka prosecutors workshop, Sri Lanka, December 14</li> <li>Afghanistan implementation workshop, Sydney, January 15</li> <li>Indonesia implementation workshop, Sydney, January 15</li> <li>Workshop on national risk assessments and targeted financial sanctions, Chinese Taipei, March 15</li> <li>ASEAN/World Bank regional prosecutors, judges and investigators workshop, Malaysia, March 15</li> <li>Regional workshop on targeted financial sanctions, Myanmar, April 15</li> </ul>

# PART TWO

Key Meetings 2014-2015

## PART TWO

### 18TH ANNUAL MEETING AND TECHNICAL ASSISTANCE FORUM APG TYPOLOGIES WORKSHOPS

#### 18<sup>th</sup> Annual Meeting and Technical Assistance Forum

##### Background

Under the APG's Terms of Reference 2012 the APG must meet at least once each year. The purpose of annual meetings is to discuss the APG's strategic directions and work programme. Discussions cover issues such as:

- 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 issues;
- money laundering methods and counter-measures; and
- special issues and developments of significance to members.

#### 18<sup>th</sup> Annual Meeting 2015 and Annual Forum on Technical Assistance

The 2015 APG annual meeting and Annual Forum on Technical Assistance was convened in Auckland, New Zealand from 12 to 17 July 2015 at the Sky City Convention Centre. Over 360 delegates attended the meeting from 44 jurisdictions and ten observer organisations as follows:

- 40 APG members were in attendance;
- three observer jurisdictions were present, namely, Kiribati, Russian Federation and the Democratic People's Republic of Korea, together with a delegate from Portugal (a FATF member); and
- ten observer organisations had delegates in attendance namely ADB, Commonwealth secretariat, EAG, FATF, IMF, PICP, PIFS, UN, UNODC, World Bank.

The plenary was opened by the Hon Amy Adams, Minister of Justice, New Zealand, who warmly welcomed all delegates to New Zealand and made the following comments:

Money laundering is an insidious crime and a significant facilitator of economic crime. Criminals and their networks abuse financial systems in order to legitimize the profits and proceeds of their criminal activities. Money laundering undermines the integrity and stability of financial institutions and systems, discourages foreign investment, and distorts international capital flows. It has negative consequences for a country's financial stability and economic performance, draining resources from more productive economic activities. It may even have destabilizing spill over effects on the economies of other countries.

...

In an increasingly interconnected world, the negative effects of these activities are global. As we continue to put rules and regulations in place, we're working against the increasing use of modern technologies and communications. The ever-growing digital world, while a boom in many ways, also means criminals are now using smarter, more complex ways to disguise the illegal origins of their activities and to evade detection.

FATF President, Mr Je-Yoon Shin also attended the meeting and greeted delegates. Mr Shin briefly outlined his objectives as FATF president in the coming year. In doing so he noted that "the initial stage of the fourth round of mutual evaluations has proved its strength and merits in monitoring the effectiveness of members' implementation of FATF standards. Nonetheless, there are remaining challenges that need to be addressed to make the mutual evaluation process more efficient and effective. For instance, there are questions about some of the assessment criteria as well as about how to improve consistency of application of the methodology from assessment to assessment. The challenge will become even more evident as we work to ensure quality and consistency of evaluations more broadly throughout the global network, comprising FATF, FSRB and international financial institution assessments. We are learning through

the experience of the first evaluations that some countries are having difficulties adjusting to the new elements of this round, including the national risk assessment and assessing effectiveness.”

## Major Annual Meeting Outcomes - 2015

The major outcomes of the 18th APG annual meeting and Annual Forum on Technical Assistance follow:

### Membership issues

The membership made a number of significant decisions in relation to members at the annual meeting some of which are confidential in nature but relate to membership action decided in relation to current members who are not fully implementing their obligations under the APG Terms of Reference 2012.

### Governance/finance

A new Business Plan for 2015-16 was adopted with a supporting budget. The core budget agreed for 2015-2016 is \$2,355,586 representing an increase of 10.5% over last year’s core budget. In agreeing to this budget, members noted that the continued availability of accumulated equity (or reserves above the minimum proposed carry over reserve of \$200,000) in 2015-16 of approximately \$155,000, reduced members’ fees by the same amount in the coming year. Members also agreed to \$919,935 in expenditure from non-core sources of funding (voluntary support).

With this agreed budget, activities for 2015-16 include five APG mutual evaluations (two jointly with the FATF); a number of membership-related missions; workshops; pre-mutual evaluation visits to APG members to be evaluated; participation in FATF plenary and other meetings; ICRG-related assistance missions for APG members under the FATF’s ICRG monitoring process; and technical assistance and training/implementation missions. Many of these initiatives are outlined in greater detail in Part Five of this report.

### Mutual evaluation programme

Members adopted a revised APG third round mutual evaluation schedule for the period 2014–15 to 2021-22. The schedule provides for an average of five mutual evaluations each year and an extended completion date of 2022. The completion date is consistent with the FATF’s fourth round schedule adopted in June 2015.

Members adopted the first five mutual evaluation reports tabled under the APG third round procedures, namely Australia (joint APG/FATF), Malaysia, Samoa, Sri Lanka and Vanuatu. Members contributed to discussion of the latter three reports (Samoa, Sri Lanka and Vanuatu) through the MEWG pre-plenary meeting where the key issues for each evaluation were considered and MEWG Co-Chair recommendations added, and the plenary discussion of each report, guided by the key issues document. The FATF had adopted the reports of Australia and Malaysia (the latter for FATF membership) in February and June 2015 respectively and therefore these reports were not considered at the MEWG pre-plenary meeting. There are no amendments arising out of the APG plenary considerations of these two reports.

The 2015 annual meeting saw the completion of the APG second round follow up procedures with adoption of the final five follow-up reports for members that remained on enhanced reporting at the 2014 annual meeting.

Members adopted APG’s *Transitional Follow-Up Procedures 2015*. The ‘transitional procedures’ provide for the APG to continue monitoring the progress of members following the formal conclusion of the APG second round follow up procedures in July 2015. The transitional procedures are consistent with the *Common Principles* for FSRBs’ follow-up adopted by the FATF in October 2014 and will be in place until all APG members with second round mutual evaluation reports have either exited from the transitional process or transitioned to the third round mutual evaluation process.

### Typologies

The Typologies Working Group (co-chaired by Fiji and Mongolia) met during the annual meeting week to:

- finalise the draft of the APG’s Annual Typologies Report 2015;
- endorse the FATF/APG joint report on *Money Laundering and Terrorist Financing Risks and Vulnerabilities Associated with Gold*;
- discuss typologies projects to date;

- discuss new projects and proposals for the coming year including work with the FATF and MENAFATF; and
- discuss the upcoming APG Typologies Workshop to be held in Kathmandu, Nepal in November 2015.

During the APG plenary session this work was reviewed and the 2015 Annual Typologies Report and FATF/APG joint report on *Money Laundering and Terrorist Financing Risks and Vulnerabilities Associated with Gold* were adopted. The 2015 Annual Typologies Report contains a synopsis of the typologies projects undertaken in 2014-2015; an overview of all FATF/FSRB projects; a statement of recent trends on money laundering and terrorist financing; and a number of case studies.

### Implementation and Technical Assistance

During the 2015 Annual Forum on Technical Assistance and Training the following activities occurred:

- individual meetings were scheduled between the APG's Donors and Providers (DAP) Group and 25 members on technical assistance and training needs and current and planned delivery of assistance;
- two meetings were held by the DAP Group relating to planning and delivery of technical assistance and training;
- two sub-regional meetings for ASEAN and Pacific Islands Forum members, jointly chaired by APG secretariat/ASEAN representatives Indonesia and Malaysia, and APG/Pacific Islands Forum secretariats respectively were conducted;
- a joint report from the DAP Group delivered to the plenary on their technical assistance and training activities and outcomes of the forum.

Participants discussed technical assistance and training needs and activities for recipient members, ICRG updates and issues papers. Ahead of the Forum, the APG collected, collated and distributed information on members' priority needs and ongoing technical assistance and training activities in their jurisdiction. This included information from DAPs on their activities in the region. The following outcomes were achieved:

- DAP Group members committed to a range of bilateral and multilateral assistance projects with APG members.
- enhanced understanding by the DAP Group of APG members' needs and ongoing technical assistance and training activity in each jurisdiction.
- appreciation by the DAP Group of strong commitment, ownership, and accountability of those APG members that were removed from the ICRG process since the last annual APG meeting.
- efforts to ensure that the APG members are receiving or will receive targeted technical assistance over the next 12 months, with ongoing consideration of remaining technical assistance and training needs.
- delivery of a group statement by the DAP Group in support of their own coordination, the forum and the APG technical assistance and training coordination function.
- information sharing that allowed a dialogue between DAPs on opportunities for collaboration, coordination between providers and lessons learnt by DAPs active in specific members.

Through the Implementation Issues Working Group members committed to ongoing work to enhance implementation of targeted financial sanctions against terrorism and proliferation financing. Members committed to support regional workshops on targeted financial sanctions, to participate in the FATF global survey on TF efforts and to support a new APG survey on proliferation financing implementation in the second half of 2015. Results of the regional workshops and surveys on targeted financial sanctions will be shared with members of the DAP Group and with the FATF to encourage them to enhance the availability of assistance for implementing targeted financial sanctions.

### APG TYPOLOGIES WORKSHOPS

#### Background

Typologies workshops are held by the APG to bring together experts and delegates to discuss money laundering and terrorist financing methods and trends as well as policy issues emerging from those trends. These workshops generally have topical 'themes' to provide a focus for the discussion and have five main purposes, to:

- bring together expert law enforcement and regulators experts in order to share knowledge and experience;
- identify ways by which proceeds of crime are laundered and terrorism is funded in the Asia/Pacific region;

- determine emerging money laundering and terrorist financing trends or patterns within and between jurisdictions in the Asia/Pacific region;
- consider and make recommendations about money laundering and terrorist financing counter-measures; and
- consider ways to improve international co-operation in the detection, investigation and seizure terrorist finances and proceeds of crime, and where appropriate, the repatriation of the proceeds of crime, especially when the proceeds are transmitted to other jurisdictions.

These workshops underline the vital importance of cooperation between jurisdictions and between agencies within those jurisdictions to effectively combat profit driven crime and terrorism. The APG plays an important role in the global fight against money laundering, terrorist financing and financing of proliferation. In 2014-2015 the APG held one typologies workshop, namely: FATF/APG Joint Experts Meeting (JEM) on Typologies 2014 in Bangkok, Thailand.

#### **Annual Typologies Workshop 2014**

The 2014 typologies workshop was held jointly with the FATF in Bangkok, Thailand from 24 to 28 November 2014 and was co-chaired by APG Typologies Working Group (TYWG) Co-Chairs Razim Buksh (Fiji) and Bazarragchaa Tumurbat (Mongolia) and FATF RTMG Co-Chairs Martin Tabi (Canada) and Leonard de Jager (the Netherlands).

The joint experts meeting involved approximately 250 delegates from 54 jurisdictions and eight international organisations. The central topics on this year's workshop agenda were:

- transparency of beneficial ownership;
- third party money laundering; and
- trade-based money laundering.

Breakout sessions dealt individually with these topics.

Prior to the joint experts meeting a joint APG/Egmont Group seminar was held on 23 November 2014 for the 18 APG members who are not yet members of the Egmont Group. The seminar covered membership and FIU operational information and was very positively received.

#### **APG Capacity Building Workshop 2014**

Following the joint experts meeting, on 27-28 November 2014 the APG held two technical seminars as part of the APG's capacity building programme. The seminars involved APG members and observers, as well as representatives from the private sector. The seminars discussed:

- making asset recovery work; and
- AML/CFT and new technology: understanding cyber and technology enabled crime.

Some APG members and subject matter experts were assisted in attending this event by sponsorship funding generously provided by Canada, China, Chinese Taipei and New Zealand.



FATF/APG Joint Experts' Meeting on  
Money Laundering and Terrorist Financing Typologies  
24-28 November 2014, Bangkok, Thailand

# PART THREE

Performance Highlights

2014-2015

## PART THREE

### PERFORMANCE HIGHLIGHTS

#### APG STRATEGIC PRIORITIES

The APG's strategic priorities are outlined in the APG Strategic Plan 2012-2016 as five goals each containing a subset of "strategies" or performance outcomes against which the goals are designed to be measured. These performance outcomes are set against a framework of APG values which, as an organisation, the APG endeavours to incorporate into its operational activities and assert in its dealings with other international organisations, including the global AML/CFT network.

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

#### Strategic Goal #1

Be a cohesive and effectively governed autonomous, multi-lateral organisation

#### *Effectively Governed Organisation*

##### *Support effective governance structures*

**Meetings:** New Zealand organised, hosted and delivered the 2015 APG annual meeting in Auckland, New Zealand (see **Part Two** of this report for detailed event summary).

**Co-Chairs:** In September 2014 the membership endorsed Bangladesh as the Co-Chair for a two year term from 2018 to 2020 subsequent to Sri Lanka.

**Steering Group:** The APG steering group effectively represented the five APG sub-regions throughout the year on a variety of issues including crucial member/observer issues to governance matters of strategic importance to the membership.

##### *Commit adequate resources*

A number of APG members and observers made voluntary contributions throughout the year to support the operations of the APG, namely: Australia, Canada, China, New Zealand, Singapore, Chinese Taipei and the United States.

The following members/observers provided facilities for APG activities:

- Australia: RRG meetings, APG Implementation Workshops for Afghanistan and Indonesia, Trans-Pacific Drug Trafficking Project Meeting, Pre-ME Workshop, DPRK AML/CFT Awareness Raising Workshop, Pakistan technical assistance and training mission
- Cambodia: Asia-Pacific RRG meetings
- Chinese Taipei: Workshop on National Risk Assessment and Targeted Financial Sanctions
- Indonesia: Regional Workshop on Implementing Targeted Financial Sanctions against Terrorism; RRG meetings
- Republic of Korea: 2014 Assessor Training Workshop
- Macao, China: 2014 APG annual meeting
- Malaysia: World Bank/APG Financial Sector Supervisors Workshop (ASEAN Regional Workshop), World Bank/APG Judges and Prosecutors Workshop (ASEAN Regional Workshop)
- Myanmar: Regional Workshop on Implementing Targeted Financial Sanctions against Terrorism
- Thailand: 2014 FATF/APG Joint Experts meeting on typologies

APG workshop facilitators and trainers were provided by the following members and observers: Australia; Fiji; Republic of Korea; Macao, China; Malaysia; Mongolia; New Zealand, Philippines; Thailand; United States of America; IMF; World Bank; and the UN.

The provision of these experts ensured successful delivery of all workshop and training activities.

### ***Support secretariat to ensure proper management of APG funds and assets***

Australia (AFP) provided a typologies research officer to the secretariat through a secondment arrangement (at no cost to the membership) until 1 April 2015.

Australia (AUSTRAC) provided a senior officer on secondment to the APG to fill the position of Director Technical Assistance and Training while the incumbent was on maternity leave. The incumbent was unable to return for family reasons, and AUSTRAC agreed to extend the secondment until the position was filled. Once the position was filled, AUSTRAC generously extended the secondment of the official to work in conjunction with the new staff member until the end of July 2015, at no cost to the APG.

Australia (AFP) continued to provide secretariat office space with extensive use of AFP assets to ensure proper a fully functioning and effective secretariat to support APG operations throughout the financial year. The AFP provided internal financial (including audit) and HR services to the secretariat in order to ensure that financial management and accountability of APG funds and staff meet Australian legal requirements.

### ***Encourage expanded membership***

Membership outreach continued in the year with:

- **Federated States of Micronesia (FSM):** outreach to FSM continued during the year to encourage a membership application.
- **Tuvalu:** outreach to Tuvalu during the year to encourage greater engagement with the APG.
- **Observer outreach policy:** at the 2015 annual meeting members adjusted the APG's policy on observers, especially in regard to small Pacific jurisdictions, to take greater account of the risks faced by individual observers.

In addition, the APG joined the Pacific Islands Chief of Police as an observer in 2014.

### ***Maintain effective communications***

The APG website service provides an efficient platform for distribution of public and non-public information, documents and notices.

A number of telephone meetings were arranged through the secretariat for priority matters including: Steering Group, DAP Group, ME Working Group, IIWG and Typologies WG.

## **Strategic Goal #2**

Participate in the  
Global AML/CFT  
Network and Support  
International  
Cooperation on  
AML/CFT

## ***Global Participation and Cooperation***

### ***Participation in policy making***

The APG actively maintained its associate membership status in the FATF throughout the year by attending three (3) FATF plenary meetings.

Twelve (12) individual APG members participated as delegates in FATF plenaries and other meetings through the mechanism of associate membership.

The APG membership provided policy comment on all FATF initiatives relating to the international standards including the *Common Principles for FSRBs' Follow-up during the Transition to the Next Assessment Round* that subsequently informed the *APG Transitional Follow-up Procedures 2015*, and *Review of the Initial 4<sup>th</sup> Round Assessments*.

### ***Mechanisms for international engagement***

The APG actively engaged with FATF, EAG, ESAAMLG, GIABA, MENAFATF, MONEYVAL, Egmont Group, UNODC and World Bank as follows:

- FATF, EAG, UNODC and World Bank participated in the 18<sup>th</sup> annual meeting.
- FATF and APG delivered the FATF/APG Joint Experts Meeting on Typologies.
- EAG, ESAAMLG, FATF, GIABA, MENAFATF, MONEYVAL, Egmont Group, UNODC and the World Bank participated in the FATF/APG Joint Experts Meeting on Typologies.
- GIABA participated in the APG August 2014 assessor training.
- APG facilitated at the FATF/EAG October 2015 assessor training.
- APG worked with World Bank and ASEAN on regional prosecutors training.
- APG participated in ARIN-AP meetings.

### ***Supporting APG members***

The secretariat provided extensive support to APG members in the FATF's ICRG process through on-site missions, exchange of information, technical advice and procedural advice.

Technical assistance donors were informed of all aspects of members' requirements to comply with ICRG obligations.

The secretariat represented the views of APG members under ICRG review at FATF plenaries.

Three (3) APG members were removed from ICRG review during 2014–15 (Cambodia, Indonesia and Pakistan).



### ***Assessing and Improving Compliance***

#### ***3rd Round Mutual Evaluation Programme***

The amended 3rd round APG mutual evaluation programme was approved by members at the 2015 annual meeting.

Mutual evaluations of Australia, Malaysia, Samoa, Sri Lanka and Vanuatu were finalised, with reports being adopted at the 2015 annual meeting. Work commenced on the mutual evaluations of Bangladesh, Bhutan, Fiji, Singapore and the United States in April/May 2015. Further pre-mutual evaluation support was delivered to those members to be assessed in 2016-17, namely Cambodia; Macao, China; Mongolia; and Thailand.

#### ***Mutual Evaluation Training***

The APG delivered assessor training in August 2014 to support evaluations scheduled in 2015-16. The training workshop was hosted by Korea at facilities in Seoul. The APG assisted in the delivery of the FATF/EAG assessor training in October 2014, which

included several APG members, increasing the number of assessors available for APG evaluations.

Organisation and planning for APG assessment training in 2015-16 commenced, with two workshops planned in order to ensure a sufficient number of assessors will be available for the 2016-17 and 2017-18 evaluations.

### ***Mutual Evaluation Procedures***

Members commented on the FATF review of its 4<sup>th</sup> round procedures, and agreed to undertake a review of the APG third round procedures to reflect amendments made by the FATF, as well as lessons learned from the first APG evaluations conducted using the 2013 methodology in 2014–15.

In light of the completion of the APG second round mutual evaluation follow-up procedures, members adopted the *Transitional Follow-up Procedures 2015*, in order to continue monitoring progress made by members prior to the commencement of their third round mutual evaluations.

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

The final five progress reports under the second round follow-up procedures were adopted by members at the 2015 annual meeting.

Three (3) of the five (5) APG members with third round mutual reports adopted in July 2015 were placed on enhanced follow-up (expedited), namely:

- Samoa;
- Sri Lanka; and
- Vanuatu

One member was placed on enhanced follow-up (Malaysia) and the final member (Australia) is subject to enhanced follow-up by the FATF.

Based on decisions at the 2015 annual meeting, the transitional procedures apply to 21 APG members, with three subject to expedited reporting.

#### Strategic Goal #4

Conduct Research and Analysis to Enhance Understanding of Money Laundering, Terrorist/Proliferation Financing Environments

### *Research and Analysis*

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#### *APG Typologies Working Group (TYWG)*

The TYWG Co-Chairs (Fiji and India and, from November 2014, Mongolia) managed the TYWG and projects, and maintained oversight of preparation the APG Annual Typologies Report 2015. The Report was published in July 2015.

#### *Typologies Workshops*

One (1) typologies workshop was delivered during the year, namely the annual typologies workshop, held jointly with the FATF in Bangkok, Thailand as a joint experts' meeting.

Nepal was identified as host for the November 2015 APG annual typologies workshop.

#### *Identifying Typologies Issues*

The TYWG adopted the report on *Money Laundering and Terrorist Financing Risks and Vulnerabilities Associated with Gold*, conducted jointly with the FATF, supported by other FSRBs. The full report is available on the APG and FATF websites.

#### *Cooperating with Global Typologies Partners*

The APG participated/contributed to FATF and FSRB typologies projects on:

- beneficial ownership;
- wildlife trafficking; and
- virtual currency.

#### Strategic Goal #5

Assist Members to Implement the Standards through Guidance, Advice and Technical Assistance and Training

### *Implementation Assistance*

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#### *Support through the Implementation Issues WG (IIWG)*

New Zealand chaired the Implementation Issues Working Group (IIWG) and supported the delivery of its related projects.

In 2014-15 the IIWG designed and delivered a number of regional workshops on the implementation of targeted financial sanctions for terrorism in collaboration with members of the DAP Group. The IIWG developed and shared summaries of lessons learned arising from the regional workshops.

The IIWG coordinated APG's input to the FATF global survey on terrorist financing, including targeted financial sanctions.

In July 2015 members committed to support an APG implementation survey on implementation of targeted financial sanctions against proliferation financing. The APG will contribute to a number of regional programs on proliferation financing during 2015-16.

In July 2015 APG members commenced work to prepare updates to the APG strategic implementation planning framework to reflect effectiveness considerations in 3<sup>rd</sup> Round ME reports.

#### *Assisting Members with Technical Assistance*

APG delivered the 2015 Annual Forum on Technical Assistance and Training which included two meetings of the DAP Group, 25 individual needs assessment sessions, and two sub-regional meetings (APG/ASEAN Coordination meeting and the APG/PIFS COAMLI meeting).

Technical assistance information collection was completed in July 2015 to form the basis for assistance projects in next financial year, and

disseminate information amongst members and DAPs regarding the activities in the region.

The APG has been involved in a number of joint initiatives this year, which reflects APG's coordination with the DAP Group in meeting members' technical assistance and training needs:

- presenting at the UN Office for Disarmament Affairs workshop promoting full implementation of UNSCR 1540, hosted (and funded) by the Republic of Korea
- holding two regional workshops on targeted financial sanctions (TFS) against terrorism in Indonesia (supported by voluntary funding from New Zealand and Canada) and Myanmar (supported by voluntary funding from New Zealand) which were facilitated by New Zealand, the UN Ombudsperson of the 1267 Committee Ombudsperson, IMF and APG secretariat.
- facilitating bilateral consultations in collaboration with the US Department of Justice, between Indonesia and Cambodia on TFS in Cambodia, in September 2014. The US funded Indonesian participation and New Zealand funded the APG Secretariat.
- supporting a cross-institutional collaboration between the US, Palau, APG and Carnegie Mellon University for the development of a secure website and database for Palau's FIU.
- engaging with UNODC (GPML and ROSEAP); Egmont Group; IMF; World Bank; EAG; GIABA; ESAAMLG; Interpol; ARIN-AP to design and deliver 2014 APG technical seminars in Bangkok.
- presenting at the inaugural ARIN-AP general meeting in Indonesia in August 2014 on strategies for cooperation between APG and ARIN-AP.

### *Assistance with Global Partners*

Arising from the experience of APG evaluations and the recent IIWG project on implementing ML investigations and asset restraint and confiscation, the APG has continued to work with the DAP Group through ARIN-AP, bilateral and multi-lateral workshops and through support provided to the World Bank in the delivery of a regional judges and prosecutors workshop in March 2015.

Preventative measures and the work of FIUs have been identified as needing on-going support and assistance. APG support included working with the World Bank in organising two ASEAN workshops for supervisors in Malaysia (March and May 2015);

supporting bilateral training placements between FIUs; and supporting a number of efforts to coordinate members and donors involved in planning for the design and delivery of FIU software.

APG and MENAFATF co-led the FATF's Global Network Coordination Group (GNCG) project on good practices for technical assistance coordination by FSRBs and drafted an outline of a paper for approval. A working group consisting of APG, Australia, CFATF, FATF, IMF, MENAFATF, MONEYVAL, Qatar, Russia, the US, and the World Bank considered the paper. The paper was endorsed by the FATF in October 2014 and focused on experience and practices which may assist FSRBs in undertaking a technical assistance coordination role. It also broadly considered the role that development has in AML/CFT systems within jurisdictions, regionally and globally.

APG supported and actively participated in the GNCG efficiency scrutiny of ESAAMLG and in doing so hosted a high level delegation from ESAAMLG including the two co-chairs of the Efficiency Scrutiny Working Group in the APG secretariat offices in April 2015. The visit gave particular focus to support for technical assistance coordination and addressing implementation issues. It followed a similar visit in 2012 by CFATF (referred by the GNCG to the APG secretariat as well).

# **PART FOUR**

**Management and  
Accountability**

## PART FOUR

### MANAGEMENT AND ACCOUNTABILITY

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#### OVERVIEW

Management and accountability of the APG as an organisation is centred within the APG secretariat. The secretariat is located in Sydney, Australia and its operations and staff members are subject to Australian law. Policy formulation, membership fee collection, budget expenditure, asset management, financial audits and membership communication are all focused within the secretariat.

Under the APG Terms of Reference 2012, the APG Executive Secretary is the sole person with “executive authority” on behalf of the membership. Membership fees are calculated, approved by the membership and collected by the secretariat and expenditure of those fees is undertaken by the secretariat in accordance with APG membership direction under annual budgets and business plans.

This part summarizes the following areas:

- organisation and management of the secretariat during the financial year;
- legal status and AFP/APG hosting arrangement;
- risk management and internal audits;
- financial management.

#### MANAGEMENT OF SECRETARIAT

##### Legal Status of APG and Secretariat

The APG Terms of Reference 2012 is not a formal legal instrument such as a Treaty, International Convention or Memorandum of Understanding between States Party. The APG does not qualify as an entity with distinct legal personality at international law or under Australian law, nor do its staff members qualify under Australian law for any privileges and immunities, including diplomatic, criminal or tax immunities. Given the lack of legal status by the APG and its secretariat the APG cannot enter into contracts (including employment contracts) or other legally enforceable obligations on its own behalf.

The lack of legal status for the secretariat requires that:

- secretariat staff members be employed by the Australian government for governance and accountability purposes across a range of areas including, financial management, employment law, and general good governance including disciplinary codes of conduct, and
- an Australian government agency or entity is able to enter into enforceable obligations on behalf of the secretariat for the APG’s organisational benefit.

##### Organisation of secretariat

All staff members of the APG secretariat are employed by the Australian government within the Australian Federal Police (AFP) for management and accountability purposes. Effective 30 June 2015 the APG secretariat consisted of 13 permanent staff as follows:

1. Executive Secretary;
2. Assistant Secretary;
3. Principal Executive Officer I;
4. Principal Executive Officer II;
5. Principal Executive Officer III;
6. Director, Technical Assistance and Training;
7. Executive Officer I;
8. Executive Officer II;

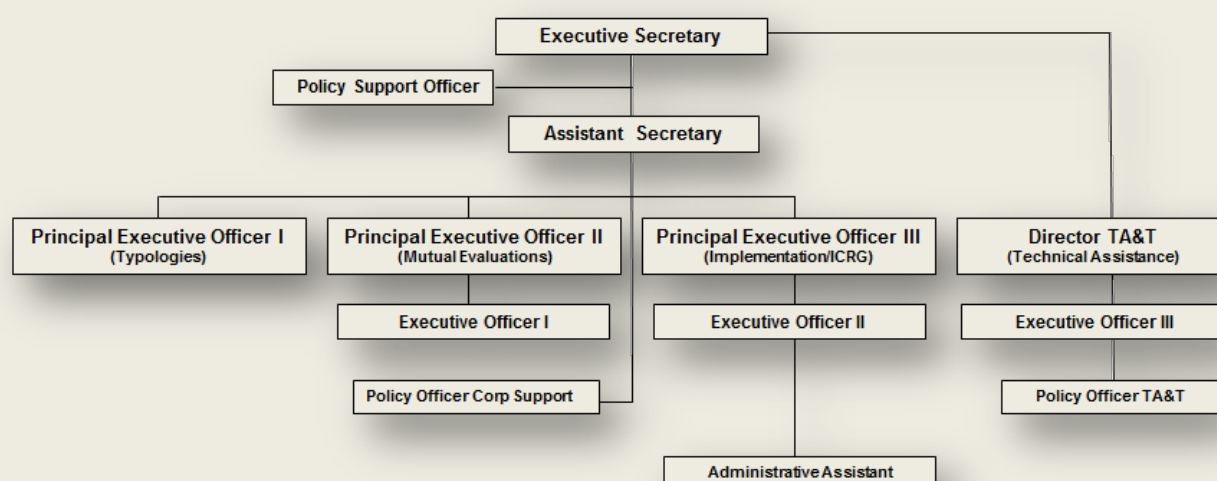
9. Executive Officer III;
10. Policy Officer, Technical Assistance and Training;
11. Policy Officer, Corporate Support;
12. Policy Support Officer;
13. Administrative Assistant.

Until April 2015 the Australia Federal Police had seconded a Project Officer for three years with the secretariat at no cost to the membership.

The secretariat is located within the structure of the AFP's Deputy Commissioner Operations for administrative purposes. Within that structure the secretariat is required to provide an organisational chart for staff purposes (see below).

Secretariat staff members are subject to the AFP Commissioner's Orders which include measures relating to employment, accountability and professional conduct. Secretariat staff performance is measured against generic AFP staff descriptions and specific APG professional criteria (as provided within the AFP/APG hosting arrangement that acknowledges the unique and separate nature of APG operations from the wider AFP). The following chart indicates the staff organisation of the secretariat as at 30 June 2015:

**APG Secretariat Organisation  
30 June 2015**



### Secretariat Staff Management

The secretariat is staffed with two senior executives (Executive Secretary and Assistant Secretary) together with executive level staff members and additional policy and support staff. The five core programme areas of the APG are distributed amongst senior staff members as follows:

- |   |   |
|---|---|
| • governance and accountability                 | Executive Secretary/Assistant Secretary     |
| • technical assistance and training:            | Director, Technical Assistance and Training |
| • typologies and related FATF programmes:       | Principal Executive Officer I               |
| • mutual evaluation programme including FATF's: | Principal Executive Officer II              |
| • implementation issues and the ICRG:           | Principal Executive Officer III             |

Secretariat staff members are assigned a range of other functions including conducting mutual evaluations, preparing progress reports, organising training workshops, undertaking high level visits and attending FATF and other FSRB meetings and events. These arrangements are designed to ensure that work flows are managed efficiently within existing resources.

At the 2015 annual meeting the membership recognised that the secretariat staffing levels cannot currently meet the demands of the APG's work programme in particular the mutual evaluation programme. It was agreed that the

secretariat needs two additional staff members and therefore members approved an increase in staffing levels by an additional Executive Officer in 2015-16 and an additional Principal Executive Officer in 2017-18.

### **AFP/APG Hosting Arrangement**

The APG secretariat's arrangement with the AFP for provision of office space and administrative support is formalised within a hosting arrangement. That arrangement provides that the AFP shall provide accommodation and other support to the secretariat at no cost to the APG membership. Support other than accommodation includes:

- access to shared/common facilities;
- HR support/processing;
- financial support/processing of accounts;
- legal assistance;
- IT support;
- maintenance of furniture and fittings;
- maintenance of office equipment; and
- use of the AFP library.

The AFP's Governance Framework applies to the staff and administrative support operations of the secretariat. That framework includes laws and regulations of the Australian Commonwealth including the *Public Governance, Performance and Accountability Act* and orders issued by the AFP Commissioner including orders relating to human resource management, staff remuneration and conditions of service as well as other fundamental management matters.

### **Asset Management**

#### **APG Funds and Financial Accountability**

All APG funds are defined in Australian law as Australian "public funds" for the purpose of the *Public Governance, Performance and Accountability Act*. The APG cannot independently administer its own funds as it is not a legal entity under Australian law. The AFP, as the APG secretariat's Australian host agency, therefore administers those funds through AFP systems for the benefit of APG members. APG funds are held in a special Parliamentary account administered by the AFP and are subject to audit by the AFP and by external audit from the Australian National Audit Office and/or other independent auditors as may be appointed by the AFP.

General and on-going audits of APG funds form part of the broader AFP audit function. APG funds therefore form part of the AFP's reporting requirements and are accounted for in the AFP's financial statements.

#### **Other Assets**

APG assets must be acquired in accordance with the AFP's Asset Management policy. Although limited, APG assets must be acquired through the AFP's National Procurement and Contracts Team, and include:

- mobile phones;
- computer equipment (modems, USB drives; laptop computers).

These assets are required to be kept in an AFP Asset Register which is audited on a regular basis. Items registered on the asset register are insured by the AFP. Any APG assets not on this register must be insured by the APG (pursuant to the AFP/APG Hosting Arrangement).

### **Risk Management - Internal Audit**

The APG secretariat falls within the AFP's broader reporting framework to the Australian government. The secretariat is subject to internal AFP processes relating to the assessment of management and risk functions. In 2008 the secretariat was subject to an independent management audit to identify the areas of risk.

Additionally, the APG secretariat is regularly examined by the AFP for business efficiencies and provided advice on areas of business improvement to assist APG members to maximise their investment in secretariat support for their activities.

## ACCOUNTABILITY FOR APG ASSETS IN 2014-15

### Summary of Budget Outcomes for 2014–15

A core budget for 2014–15 of \$2,131,197 was approved and adopted at the 2014 annual meeting. Below is an overview of the APG finances in the year 2014–15. All figures are in Australian dollars.

Contributions required from members to meet the budget were calculated using the APG funding formula that calculates contributions using an 80/20 per cent combination of GDP and GDP per capita and required a minimum contribution of \$8,140. As in previous years, members noted at the 2014 annual meeting that the core budget would not, of itself, enable the APG to complete the work outlined in the 2014–15 Business Plan. Members agreed therefore that voluntary contributions, continued use of accumulated assets and various streams of ‘non-core budget’ funding totalling \$1,355,851 should be made available in 2014–15 to meet the costs of the APG’s agreed work programme. Total revenue from all sources was budgeted at \$3,347,048. Total proposed expenditure from all streams of funding (core and non-core) was \$3,487,048. The APG therefore budgeted for a deficit of \$140,000 through the expenditure of previously accumulated reserves above the agreed minimum reserve of \$200,000.

The budget outcomes for the period 1 July 2014 to 30 June 2015, based on the audited financial reports (**Annex C**) are as follows:

- the APG commenced the financial 2014–15 year with a total equity of \$450,946;
- total income for the year was \$3,089,263, with \$2,131,205 coming from APG members in required contributions, and \$958,058 in voluntary contributions and other revenue and gains;
- total expenditure for the year to 30 June 2015 from all revenue sources was \$3,184,807, including expenditure against the core budget, ‘reserved’ expenditure, and in expenditure from other revenue sources (sponsorship and other funding support, including resources provided free of charge by the secretariat’s host agency, the AFP);
- the APG’s net operating result for 2014–15 was a deficit of \$95,544; and
- the APG therefore had a total equity of \$355,402 as at 30 June 2015.

This slightly better-than-budgeted outcome was due primarily to the fact that savings in supplier and travel expenses more than offset a small overspend on employee expenses.

### External (Voluntary) Financial Support 2014–15

As stated in the Co-Chairs’ Foreword to this report a number of APG members and observers provided financial support over members’ fee obligations for APG business during 2014–15. Those members were:

- Australia: Australia’s calculated contribution was \$155,162. Australia actually paid \$270,000, including a voluntary contribution of \$114,838. \$84,000 of these funds were spent in 2014–15, primarily on salaries and travel. Unspent funds (which were allocated to expenditure on mutual evaluations but were not required) have been added to general reserves;
- Canada: total project funding of \$346,718 was provided in late 2012 to support the APG’s ICRG-related activities, post-evaluation planning and awareness raising missions to a number of APG members and to support attendance by delegates at major APG events. Revenue realised in 2014–15 amounted to \$84,277. The remaining \$18,323 in funding is due to be spent in early 2015-16;
- China: a voluntary contribution of \$345,000 was made in 2012 to fund a new senior secretariat position for two years. The position was filled in December 2012 and the remaining \$91,374 of this donation was realised as revenue in 2014–15. In addition, under separate project funding from China to support Pacific APG members, \$49,718 was realised as revenue in 2014–15;
- New Zealand: various grants have been made in the last few years for technical assistance and training activities in the Pacific and South East Asia in particular, and new project funding was provided in 2014–15. A total of further \$60,094 of this funding was realised as revenue to support APG missions and sponsorship of delegates to APG events in 2014–15. Additionally, New Zealand provided \$13,199 as a general voluntary contribution, as well as \$8,052 in co-funding with other donors over two years of a new executive officer position which was filled in late

April 2015 (New Zealand is providing a total of NZ\$80,000 or approximately AU\$73,600 over two years towards this position);

- Singapore: \$3,452 in revenue was realised as Singapore's co-funding of the new executive officer position filled in late April 2015 (Singapore is providing a total of AU\$43,634 - S\$50,000 - over two years);
- Chinese Taipei: a grant was made in 2013 of \$161,000 over two years (January 2013 to December 2014) for priority Pacific Island APG members and observers to more effectively engage with the APG and to implement the global AML/CFT standards. \$41,372 was realised as revenue in 2014–15 to support members' attendance at the 2014 APG annual meeting and 2014 Typologies Workshop. The remaining \$9,927 in funding was rolled over into new funding provided by Chinese Taipei in 2014–15. A further grant of \$122,100 was made in January 2015 to support the following World Bank/APG Judges and Prosecutors workshops in 2015 (\$25,259 was spent in 2014–15 in support of this workshop); and sponsorship, in 2015-16 and 2016-17, to annual meetings and typologies workshops.
- United States: The US State Department provided \$124,467 in June 2010 to support APG technical assistance and training activities. The remaining \$23,047 of this funding was re-allocated towards payment of the United States' membership fees (\$23,000 in 2014–15 and \$47 in 2015-16). The US State Department also provided \$164,965 (US\$153,580) over two years (September 2013 to December 2015) in support of APG mutual evaluation (ME) training, in country pre-ME training and the trans-Pacific drug routes typologies project. \$62,937 of this amount was realised as revenue in 2014–15. \$40,000 in remaining funds is due to be spent in 2015–16. The US State Department also is providing AU\$120,000 (US\$115,000) over two years in support of the additional Executive Officer position that was filled in April 2015. \$11,504 of this funding was realized as revenue in FY2014–15. Finally, the US Department of State previously provided \$23,548 in funding to support training placements between the Timor-Leste FIU and the Indonesia FIU. Following the formal establishment and staffing of the Timor-Leste FIU in October 2014, \$14,952 was spent in support of this activity in 2014–15.

#### **In Kind (Voluntary) Support 2014–15**

Australia (AFP) provided office accommodation, essential support services (legal, HR, financial and IT) and seconded staff to the APG secretariat during the financial year in the total attributed amount of \$375,782.

#### **Budget for 2015-16**

A 'core' budget for 2015-16 of \$2,355,586 was approved and adopted at the 2015 annual meeting -- an increase of 10.5% over the 2014–15 budget.

APG members also approved total non-core expenditure from available reserves, voluntary funding and 'in-kind' hosting support from the AFP (as above) in the amount of \$919,935 in 2015–16, a substantial reduction on equivalent expenditure in 2014–15, reflecting the completion of several large agreements for additional project funding. Work is currently under way to identify new sources of non-core funding to support the APG's work programme in 2015-16 and beyond.

# PART FIVE

Programmes and Plans

2015-2016

## PART FIVE

### PROGRAMMES AND PLANS 2015-2016

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The APG Strategic Plan 2012–2016 is the strategic operating framework for the APG’s core business. The APG Annual Business Plan 2015–2016 outlines the APG’s work programme in detail for the coming next year.

#### PRINCIPAL TASKS 2015-16

The APG’s key tasks for 2015–2016 include the following (some of which are dependent on external funding) are as follows:

##### Key Meetings

The following key meetings will occur in the next year:

- 19<sup>th</sup> APG annual meeting and annual forum on technical assistance & training will convene in Dhaka, Bangladesh from 24 – 28 July 2016;
- APG typologies workshop and capacity building seminars will be held in Kathmandu, Nepal from 16 – 20 November 2015;
- APG Donors and Providers (DAP) Group will meet in July 2016 and hold one Pacific/APG coordination meeting (APG/Pacific Islands Forum secretariat), and one ASEAN/APG coordination meeting during the year.

The APG steering group will meet at least five times in the year to consider policy, governance, funding and membership issues and will continue to provide on-going advice to the membership and Co-Chairs.

##### Membership Visits

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

##### Participation in Global AML/CFT Network

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

- three (3) FATF plenary meetings;
- either one (1) FATF inter-sessional meeting (if required) or an FSRB meeting;
- working group meetings in the FATF; and
- up to three (3) inter-sessional meetings of the Asia-Pacific Regional Review (RRG) Group.

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

APG secretariat will provide communications, information and liaison assistance to the RRG in further support of APG members in accordance with the APG Strategic Plan 2012-2016.

#### 3<sup>rd</sup> Round of Evaluations

The APG will:

- continue the 3<sup>rd</sup> round of mutual evaluations, including assessor and pre-mutual evaluation training; complete a revised mutual evaluation schedule; and continue to support the Mutual Evaluation Working Group.
- develop and deliver two (2) assessor training workshops under the 2013 FATF assessment methodology in support of the APG’s 3rd round of evaluations, and support the delivery of another FSRB’s assessor training.

- develop and deliver one (1) regional workshop in August 2015 for APG members to be assessed in 2016-17 and 2017-18.
- undertake and deliver five (5) mutual evaluations with reports to be considered at the 2016 annual meeting, and undertake the onsite visit for one joint APG/FATF evaluation with the report to be considered at the 2017 annual meeting.
- review and prepare analysis reports of the four members under APG third round follow-up.
- continue to contribute to preparation of updated assessment methodology training materials.
- review the FATF rules relating to mutual evaluation follow-up and the ICRG as they change and develop under the 2013 assessment methodology.

The APG will implement and review the progress of the 21 members subject to the transitional follow-up procedures for the 2016 annual meeting.

### Typologies Research

The APG will continue to support the typologies business framework, organise and convene the typologies working group and events, and closely collaborate with the FATF and other strategic partner including supporting the FATF's Risk, Trends and Methods Group and the typologies work of other FSRBs directly relevant to APG business.

The APG will review the APG typologies framework (of 2009) to enable the APG's work to reflect the ever-evolving global information on AML/CFT methods and trends, as well as information coming in from global and regional risk assessments about new typologies subjects. The review will be conducted in cooperation with the report on the APG 2012-2016 Strategic Plan and development of the 2016-2020 Strategic Plan.

A sub-group of the Typologies Working Group will be formed to review and strengthen the content of the APG yearly typologies reports and to enhance the resources available for preparation of the yearly report. In addition the working group will continue to pursue a number of Pacific-focused typologies projects started during 2013, as agreed in July 2015.

The APG will continue to:

- work with MENAFATF to confirm a joint research project to be carried out over the 2016-17 period and a joint typologies workshop to be held in December 2016; and
- support regional training initiatives, led by donors and providers, by building upon relevant typologies work.

The 2015 APG Typologies Workshop will be held in November 2015, hosted by Nepal. The workshop will focus on a range of ML and TF methods. The broad agenda was confirmed by the APG working group in July 2015. The individual session details will be confirmed prior to the workshop.

### Implementation and Technical Assistance / ICRG Activities

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

APG will assist members to develop sustainable strategies to meet mutual evaluation report recommendations and will finalise amendments to the Strategic Implementation Planning Framework for consistency with the revised FATF standards and new assessment methodology.

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

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

- regional programs to support improved assessments of risk and strategic responses to risk mitigation;
- regional programmes to build AML/CFT capacity amongst AML/CFT supervisors and regulators;
- regional enforcement and prosecution capacity building programmes focusing on targeting policy responses to proceeds of crime and terrorist financing, including through improved international cooperation; and
- AML/CFT implementation programmes related to targeted financial sanctions against terrorism and proliferation financing.

#### **APG Resources**

The financial resources required to achieve these programmes and plans for 2015-16 extend beyond members' core contributions to include additional financial resources, as well as human and technical resources. Many technical assistance activities and visits rely on voluntary funding and on participation by individual member experts.

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

# ATTACHMENTS

Independent Audit Report

APG Financial Statements

Glossary of Abbreviated Terms

- **Audit Report of Moore Stephens 7 September 2015**
- **APG Financial Statements 2014-2015**

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE ASIA / PACIFIC GROUP ON MONEY LAUNDERING

#### Report on the Financial Statements

We have audited the accompanying financial statements, being a special purpose financial report of the Asia/Pacific Group on Money Laundering (the Secretariat), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the Executive Secretary.

#### *Executive Secretary's Responsibility for the Financial Statements*

The Executive Secretary of the Secretariat is responsible for the preparation of the financial statements and has determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the needs of the members. The Executive Secretary's responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Secretariat's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Secretariat's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Independence*

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

## *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Asia/Pacific Group on Money Laundering as at 30 June 2015, of its financial performance and its cash flows for the year then ended in accordance with the basis of preparation outlined in Note 1.2 to the financial statements.

## *Basis of Accounting and Restriction on Distribution and Use*

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes accounting policies adopted by the Asia/Pacific Group on Money Laundering. The financial statements have been prepared for the purpose of fulfilling the Executive Secretary's financial reporting responsibilities to the Secretariat members. As a result, the financial statements may not be useful for another purpose. My report is intended solely for the Asia/Pacific Group on Money Laundering and its members and should not be distributed to or used by parties.

## **Moore Stephens**

Chartered Accountants



## **Eric Hummer**

Director

Dated at Canberra this 7<sup>th</sup> day of September 2015

**Asia / Pacific Group on Money Laundering**

**Financial Statements  
for the Year Ended 30 June 2015**

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

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In my opinion:

1. The Asia/Pacific Group on Money Laundering (APG) is not a reporting entity and these special purpose financial statements:
  - are prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
  - give a true and fair view of the APG's financial position as at 30 June 2015 and its performance for the year ended on that date; and
2. At the date of this statement, there are reasonable grounds to believe that APG will be able to pay its debts as and when they become due and payable.

Signed

A handwritten signature in black ink, appearing to be 'G. Hook', written in a cursive style.

Gordon Hook  
Executive Secretary, APG Secretariat

7 September 2015

**ASIA/PACIFIC GROUP ON MONEY LAUNDERING**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the year ended 30 June 2015*

	Notes	2015 \$	2014 \$
<b>INCOME</b>			
Contributions from members	3A	2,131,205	2,037,269
Other contributions	3B	582,276	888,175
<b>Total revenue</b>		<b>2,713,481</b>	<b>2,925,444</b>
<b>Gains</b>			
Resources received free of charge from the AFP		375,782	390,592
<b>Total gains</b>		<b>375,782</b>	<b>390,592</b>
<b>Total income</b>		<b>3,089,263</b>	<b>3,316,036</b>
<b>EXPENSES</b>			
Employee benefits	4A	2,045,550	1,970,066
Depreciation and amortisation		110	-
Supplier expenses	4B	588,087	602,320
Travel expenses	4C	549,860	640,144
Write-down and impairment of assets		1,200	-
<b>Total expenses</b>		<b>3,184,807</b>	<b>3,212,530</b>
<b>(Deficit) / Surplus</b>		<b>(95,544)</b>	<b>103,506</b>

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

**ASIA/PACIFIC GROUP ON MONEY LAUNDERING**  
**STATEMENT OF FINANCIAL POSITION**  
*As at 30 June 2015*

	Notes	2015 \$	2014 \$
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents		1,097,692	1,578,985
Trade and other receivables	5	314,446	84,815
Accrued revenue		31,144	-
<b>Total financial assets</b>		<b>1,443,282</b>	<b>1,663,800</b>
<b>Non-Financial Assets<sup>1</sup></b>			
Property, plant and equipment	6	3,866	-
Prepayments		46,881	21,062
<b>Total non-financial assets</b>		<b>50,747</b>	<b>21,062</b>
<b>Total assets</b>		<b>1,494,029</b>	<b>1,684,862</b>
<b>LIABILITIES</b>			
<b>Payables<sup>2</sup></b>			
Supplier payables		25,593	36,940
Accrued expenses		9,900	18,787
Unearned income	7	421,424	570,555
Salaries and wages		96,464	69,415
Superannuation		10,699	10,049
FBT		7,896	7,998
<b>Total payables</b>		<b>571,976</b>	<b>713,744</b>
<b>Provisions</b>			
Employee provisions <sup>3</sup>		566,651	520,172
<b>Total provisions</b>		<b>566,651</b>	<b>520,172</b>
<b>Total liabilities</b>		<b>1,138,627</b>	<b>1,233,916</b>
<b>Net Assets</b>		<b>355,402</b>	<b>450,946</b>
<b>EQUITY</b>			
Retained surplus		355,402	450,946
<b>Total equity</b>		<b>355,402</b>	<b>450,946</b>

1. No indicators of impairment were found for non financial assets. All are expected to be recovered within 12 months.
2. All suppliers are expected to be settled within 7 days (2014: 30 days). All other payables are expected to be settled within 12 months.
3. Employee provision expected to be settled in 12 months \$186,760 (2014: \$154,869).

**ASIA/PACIFIC GROUP ON MONEY LAUNDERING**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the year ended 30 June 2015*

	Retained earnings		Total equity	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Opening balance</b>				
Balance carried forward from previous period	<b>450,946</b>	347,440	<b>450,946</b>	347,440
<b>Comprehensive income</b>				
Surplus (Deficit) for the period	<b>(95,544)</b>	103,506	<b>(95,544)</b>	103,506
<b>Total comprehensive income</b>	<b>(95,544)</b>	103,506	<b>(95,544)</b>	103,506
<b>Closing balance as at 30 June 2015</b>	<b>355,402</b>	450,946	<b>355,402</b>	450,946

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 2015*

	2015 \$	2014 \$
<b>OPERATING ACTIVITIES</b>		
<b>Cash received</b>		
Contributions and other receipts	2,302,980	2,643,174
Net GST received from ATO	7,455	6,798
<b>Total cash received</b>	<u>2,310,435</u>	<u>2,649,972</u>
<b>Cash used</b>		
Employees	1,971,372	1,893,500
Suppliers and other payments	816,380	859,681
<b>Total cash used</b>	<u>2,787,752</u>	<u>2,753,181</u>
<b>Net cash (used by) from operating activities</b>	<u>(477,317)</u>	<u>(103,209)</u>
<b>INVESTING ACTIVITIES</b>		
<b>Cash used</b>		
Purchase of property, plant and equipment	3,976	-
<b>Total cash used</b>	<u>3,976</u>	<u>-</u>
<b>Net cash (used by) from investing activities</b>	<u>(3,976)</u>	<u>-</u>
<b>Net increase/(decrease) in cash held</b>	<u>(481,293)</u>	<u>(103,209)</u>
Cash and cash equivalents at the beginning of the reporting period	<u>1,578,985</u>	<u>1,682,194</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	<u>1,097,692</u>	<u>1,578,985</u>

**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 standards against money laundering, terrorist financing and financing of the proliferation of weapons of mass destruction, in particular the forty recommendations of the Financial Action Task Force (FATF). 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, anti-terrorist financing and anti-proliferation financing measures and provides for peer review by means of a mutual evaluation process.

The APG's accounts form part of the Australian Federal Police (AFP) special account, Services and Other Entities Trust Moneys Account.

**1.2 Basis of Preparation of the Financial Statements**

The AFP hosted the APG for the year ended 30 June 2015 and has prepared this special purpose financial report for the members of the APG.

The financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period. They contain only those disclosures considered necessary to meet the needs of the members.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

Unless alternative treatment is specifically required by an accounting standard, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the entity or future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies. The APG does not have any commitments and contingencies as at 30 June 2015 or as at 30 June 2014.

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

**1.3 Significant Accounting Judgements and Estimates**

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

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

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

**1.4 New Australian Accounting Standards**

Adoption of New Australian Accounting Standard Requirements

- AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB101 applies from 1 January 2016, however has been adopted earlier than the application date. This standard has allowed the reduced disclosure in the Summary of Significant Accounting Policies (Note 1) and the removal of specific disclosure required by an Australian Accounting Standard where the information resulting from the disclosure is not material.

#### **1.4 New Australian Accounting Standards (continued)**

##### Future Australian Accounting Standard Requirements

- AASB 124 *Related Parties* applies from 1 July 2016. This standard is not expected to have any material impact upon the APG statements, but will involve a new disclosure. Processes will be required to capture related party transactions and to obtain positive confirmation from all related parties that related party transactions have been declared.
- AASB 9 *Financial Instruments* applies from 1 January 2017. This standard is not expected to have a material impact upon the APG statements, however it may result in changes to the APG's methodology with respect to assessment of credit risk, associated provisions and losses.
- AASB 15 *Revenue from Contractors with Customers* applies from 1 January 2017. This standard is not expected to have any material impact upon the APG statements, however it may result in changes to revenue recognition with respect to APG own source income.

#### **1.5 Revenue**

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 amounts 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.

##### Contributions

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

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

#### **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.

#### **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 the end of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

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

## **1.7 Employee Benefits (continued)**

### 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 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 2013. 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 of Australia. 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 in the Department of Finance's administered schedules and notes.

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

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

## **1.8 Financial Instruments**

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

## **1.9 Property, Plant and Equipment**

### Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition. Where they form part of a group of similar items which are significant in total they are recognised as assets.

### Revaluations

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

<b>Asset class</b>	<b>Fair value measured at</b>
Property, plant and equipment	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.

#### **1.9 Property, Plant and Equipment (continued)**

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

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:

	<b>2015</b>	<b>2014</b>
Plant and Equipment	1-5 years	1-5 years

#### **1.10 Taxation**

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

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

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

#### **Note 2: Events After the Reporting Period**

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

**ASIA/PACIFIC GROUP ON MONEY LAUNDERING**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2015*

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	2015	2014
	\$	\$
<b>Note 3: Income</b>		
<b><u>Note 3A: Contributions from Members</u></b>		
<b>Member Contributions</b>		
Afghanistan	8,140	7,780
Australia	155,162	147,387
Bangladesh	10,605	9,931
Bhutan	8,140	7,780
Brunei Darussalam	8,140	7,780
Cambodia	8,140	7,780
Canada	190,574	189,530
China	250,484	239,469
Chinese Taipei	56,514	56,009
Cook Islands	8,140	7,780
Fiji	8,140	7,780
Hong Kong, China	48,048	47,484
India	166,911	151,965
Indonesia	71,039	63,622
Japan	307,800	294,263
Korea	114,612	112,539
Lao PDR	8,140	7,780
Macau, China	8,140	7,780
Malaysia	30,915	29,493
Maldives	8,140	7,780
Marshall Islands	8,140	7,780
Mongolia	8,148	7,780
Myanmar	8,140	7,780
Nauru	8,140	7,780
Nepal	8,140	7,780
New Zealand	39,550	37,108
Niue	8,140	7,780
Pakistan	19,152	18,397
Palau	8,140	7,780
Papua New Guinea	8,140	7,780
Philippines	21,451	20,557
Samoa	8,140	7,780
Singapore	53,898	51,054
Solomon Islands	8,140	7,780
Sri Lanka	8,140	7,780
Thailand	34,487	33,281
Timor-Leste	8,140	7,780
Tonga	8,140	7,780
United States	360,866	344,997
Vanuatu	8,140	7,780
Vietnam	11,909	11,243
<b>Total Member Contributions</b>	<b>2,131,205</b>	<b>2,037,269</b>

**ASIA/PACIFIC GROUP ON MONEY LAUNDERING**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2015*

	2015 \$	2014 \$
<b>Note 3: Income (cont)</b>		
<b><u>Note 3B: Other Contributions</u></b>		
Voluntary Contribution - Australia	114,838	122,613
Voluntary Contribution - New Zealand	13,199	60,000
Project Contribution - Australian Department of Foreign Affairs and Trade	1,249	77,525
Project Contribution - Canadian Department of Foreign Affairs and International Trade	84,277	153,924
Project Contribution - China	141,091	168,899
Project Contribution - Chinese Taipei	66,631	101,283
Project Contribution - India	-	32,706
Project Contribution - NZ Ministry of Foreign Affairs and Trade	4,366	50,966
Project Contribution - Singapore	-	11,663
Project Contribution - US State Department	62,937	76,159
Project Contribution - US - Timor-Leste	14,952	-
Project Contribution via Reimbursement - New Zealand	55,728	32,437
Project Co-funding for Executive Officer - US	11,504	-
Project Co-funding for Executive Officer - Singapore	3,452	-
Project Co-funding for Executive Officer - New Zealand	8,052	-
<b>Total other contributions</b>	<b>582,276</b>	<b>888,175</b>
<b>Note 4: Expenses</b>		
<b><u>Note 4A: Employee Benefits</u></b>		
Wages and salaries	1,456,631	1,394,741
Superannuation:		
Defined contribution plans	93,448	77,262
Defined benefit plans	184,074	240,296
Leave and other entitlements	305,125	251,406
Other employee expenses	6,272	6,361
<b>Total employee benefits</b>	<b>2,045,550</b>	<b>1,970,066</b>
<b><u>Note 4B: Supplier Expenses</u></b>		
Consultants and contractors	216,041	165,110
Audit fees	9,900	9,500
Postage and freight	378	488
Staff and recruitment	2,956	15
Conference costs	6,987	12,906
Communications and IT	14,152	49,249
General and office	6,285	11,256
Building and accommodation	41,786	52,579
Office space	267,071	257,418
Other expenses	2,221	17,665
<b>Total goods and services</b>	<b>567,777</b>	<b>576,186</b>
<b>Other supplier expenses</b>		
Workers compensation expenses	20,310	26,134
<b>Total other supplier expenses</b>	<b>20,310</b>	<b>26,134</b>
<b>Total supplier expenses</b>	<b>588,087</b>	<b>602,320</b>
<b><u>Note 4C: Travel Expenses</u></b>		
Airfares	319,514	406,266
Accommodation	193,603	198,785
Other travel expenses	36,743	35,093
<b>Total travel expenses</b>	<b>549,860</b>	<b>640,144</b>

**ASIA/PACIFIC GROUP ON MONEY LAUNDERING**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2015*

	2015	2014
	\$	\$
<b>Note 5: Trade and Other Receivables</b>		
Member contributions and other receivables	314,170	83,944
GST receivable from the Australian Taxation Office	1,476	871
<b>Total trade and other receivables</b>	<b>315,646</b>	<b>84,815</b>
<b>Less impairment allowance account:</b>		
Other receivables	(1,200)	-
<b>Total impairment allowance account</b>	<b>(1,200)</b>	<b>84,815</b>
<b>Total trade and other receivables (net)</b>	<b>314,446</b>	<b>84,815</b>
Receivables are aged as follows:		
Not overdue	16,705	26,322
Overdue by:		
61 to 90 days	-	1,200
More than 90 days	297,741	57,293
<b>Total receivables (gross)</b>	<b>314,446</b>	<b>84,815</b>

Receivables for goods and services are recognised at the nominal amounts due, less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

All receivables are current assets.

**Note 6: Non-Financial Assets**

**Reconciliation of the Opening and Closing Balances of Other Property, Plant and Equipment**

	2015	2014
	\$	\$
<b>As at 1 July</b>		
Opening gross book value	-	-
<b>Net book value 1 July</b>	-	-
Additions:		
By purchase	3,976	-
Depreciation/amortisation expense	(110)	-
<b>Net book value 30 June</b>	<b>3,866</b>	-
<b>Net book value as of 30 June represented by:</b>		
Gross book value	3,976	-
Accumulated depreciation/amortisation	(110)	-
<b>Net book value 30 June</b>	<b>3,866</b>	-

**ASIA/PACIFIC GROUP ON MONEY LAUNDERING**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2015*

	2015	2014
	\$	\$
<b>Note 7: Unearned Income</b>		
Project contributions paid in advance		
Project contribution - Australian Department of Foreign Affairs and Trade	28,455	29,704
Project contribution - Canada	16,197	100,474
Project contribution - China	50,282	191,374
Project contribution - Chinese Taipei	67,168	51,299
Project contribution - NZ Ministry of Foreign Affairs and Trade	2,086	27,677
Project contribution - New Zealand	8,025	-
Project contribution - US State Department	48,430	149,365
Project Co-funding for Executive Officer - US	109,138	-
Project Co-funding for Executive Officer - Singapore	40,182	20,654
Project Co-funding for Executive Officer - New Zealand	47,362	-
Other	4,099	8
<b>Total unearned income</b>	<b>421,424</b>	<b>570,555</b>

**Note 8: Senior Executive Remuneration**

	2015	2014
	\$	\$
Total senior management personnel remuneration expense:	<u>611,349</u>	<u>553,226</u>

The total number of senior management personnel that are included in the above table is 2 individuals (2014: 2).



## GLOSSARY OF ABBREVIATED TERMS

ADB	Asian Development Bank
AFP	Australian Federal Police
AGD	Attorney-General's Department (Australia)
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
ANU	Australian National University
APEC	Asia Pacific Economic Cooperation
APG	Asia/Pacific Group on Money Laundering
ARIN-AP	Asset Recovery Interagency Network - Asia Pacific
ASEAN	Association of South East Asian Nations
AusAID	Australian Agency for International Development
AUSTRAC	Australian Transaction Reports and Analysis Centre
CANZUS	Canada Australia New Zealand and United States (APG sub-regional group)
CFATF	Caribbean Financial Action Task Force
DAP	Donors and Providers
DFAT	Department of Foreign Affairs and Trade (Australia)
DNFBP	Designated Non-Financial Businesses and Professions
DoJ	Department of Justice (USA)
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
FRSC	Forum Regional Security Committee (PIFS)
FSRB	FATF-Style Regional Body
FY	Financial Year
GAFILAT	Grupo de Acción Financiera de Latinoamérica (Financial Action Task Force of Latin America Against Money Laundering)
GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
GIFCS	Group of International Finance Centre Supervisors
ICRG	International Cooperation Review Group (FATF)
IIWG	Implementation Issues Working Group (APG)
IMF	International Monetary Fund
INTERPOL	International Criminal Police Organization
ME	Mutual evaluation
MER	Mutual evaluation report
MENAFATF	Middle East and North Africa Financial Action Task Force
MEWG	Mutual Evaluation Working Group (APG)
ML	Money laundering
Moneyval	Committee of Experts on the Evaluation of Anti-Money Laundering Measures
NPO	Non-Profit Organisation
NRA	National Risk Assessment
OCO	Oceania Customs Organisation
OECD	Organisation for Economic Co-operation and Development

OPDAT	Overseas Prosecutorial Development Assistance and Training (USA)
PEPs	Politically Exposed Persons
PF	Proliferation Financing
PFTAC	Pacific Financial Technical Assistance Centre
PICP	Pacific Islands Chiefs of Police
PIFS	Pacific Islands Forum Secretariat
PILON	Pacific Islands Legal Officers' Network
POC	Proceeds Of Crime
RBA	Risk-Based Approach
RRG	Regional Review Group (FATF)
RTMG	Research, Trends and Methods Working Group (FATF)
SAARC	South Asian Association for Regional Cooperation
SIP	Strategic Implementation Planning
TA&T	Technical Assistance and Training
TF	Terrorist Financing
TYWG	Typologies Working Group (APG)
UN	United Nations
UN CTED	United Nations Counter-Terrorism Executive Directorate
UNODC	United Nations Office on Drugs and Crime
WCO	World Customs Organisation
WG	Working Group
WGCT	Working Group on Counter-Terrorism (PIFS)