

AUSTRALIAN TRANSACTION REPORTS AND ANALYSIS CENTRE

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The strategic direction statement for AUSTRAC can be found in the 2017-18 PB Statements. There has been no change to AUSTRAC's strategic direction as a result of Additional Estimates.

1.2 ENTITY RESOURCE STATEMENT

The entity resource statement details the resourcing for AUSTRAC at Additional Estimates. Table 1.1 outlines the total resourcing available from all sources for the 2017-18 Budget year, including variations through Appropriation Bills No. 3 and No. 4.

Table 1.1: Entity resource statement—additional estimates for 2017–18 as at Additional Estimates February 2018

	<i>Actual available appropriation</i>	<i>Estimate as at Budget</i>	<i>Proposed Additional Estimates</i>	<i>Total estimate at Additional Estimates</i>
	<i>2016–17 \$'000</i>	<i>2017–18 \$'000</i>	<i>2017–18 \$'000</i>	<i>2017–18 \$'000</i>
Departmental				
Annual appropriations—ordinary annual services (a)				
Prior year appropriations available	10,635	8,767	(128)	8,639
Departmental appropriation	57,567	59,490	3,172	62,662
s 74 retained revenue receipts (b)	4,424	2,537	1,879	4,416
Departmental capital budget (c)	3,094	3,061	-	3,061
Annual appropriations—other services— non-operating (d)				
Prior year appropriations available	4,750	4,750	5,596	10,346
Equity injection	10,200	2,000	1,600	3,600
Total departmental annual appropriations	90,670	80,605	12,119	92,724
Total departmental resourcing	90,670	80,605	12,119	92,724
Total resourcing for entity	90,670	80,605	12,119	92,724
			<i>Actual 2016–17</i>	<i>2017–18</i>
Average staffing level (number)			320	314

Prepared on a resourcing (i.e. appropriations available) basis.

Please note:

All figures shown above are GST exclusive—these may not match figures in the cash flow statement.

(a) *Appropriation Act (No. 1) 2017–2018* and *Appropriation Bill (No. 3) 2017–2018*.

(b) Estimated retained revenue receipts under section 74 of the PGPA Act.

(c) DCBs are not separately identified in Appropriation Act (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(d) *Appropriation Act (No. 2) 2017–2018* and *Appropriation Bill (No. 4) 2017–2018*.

1.3 ENTITY MEASURES

Table 1.2 summarises new government measures taken since the 2017–18 Budget. The table is split into revenue, expense and capital measures, with the affected program identified.

Table 1.2: Entity 2017–18 measures since Budget

	Program	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000
Revenue measures					
Strengthening Australia's Defences against Money Laundering and Terrorism Financing	1.1				
Administered revenues		–	9,578	10,877	12,146
Total revenue measures		–	9,578	10,877	12,146
Expense measures					
Strengthening Australia's Defences against Money Laundering and Terrorism Financing	1.1				
Departmental expenses		1,339	7,383	9,364	10,155
Confiscated Assets Account	1.1				
Departmental expenses		1,879	2,075	1,577	–
Total expense measures		3,218	9,458	10,941	10,155
Capital measures					
Strengthening Australia's Defences against Money Laundering and Terrorism Financing	1.1				
Departmental capital		1,600	6,700	3,600	3,110
Total capital measures		1,600	6,700	3,600	3,110

Prepared on a Government Financial Statistics (fiscal) basis.

1.4 ADDITIONAL ESTIMATES, RESOURCING AND VARIATIONS TO OUTCOMES

Table 1.3 shows changes to the resourcing for AUSTRAC at Additional Estimates, by outcome. The table details the additional estimates resulting from new measures and other variations since the 2017–18 Budget in Appropriation Bills Nos. 3 and 4.

Table 1.3: Additional estimates and other variations to outcomes since 2017–18 Budget

	Program impacted	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000
Outcome 1					
Departmental					
Annual appropriations					
Strengthening Australia's Defences against Money Laundering and Terrorism Financing	1.1	2,939	14,083	12,964	13,265
Other estimate variation	1.1	1,833	1,546	1,548	–
Changes in parameters					
Net increase	1.1	–	62	–	–
Other variations					
Net decrease	1.1	–	(10)	(10)	(10)
Net impact on appropriations for Outcome 1 (departmental)		4,772	15,681	14,502	13,255
Total net impact on appropriations for Outcome 1		4,772	15,681	14,502	13,255

1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The following tables detail the Additional Estimates sought for AUSTRAC through Appropriation Bills Nos. 3 and 4.

Table 1.4: Appropriation Bill (No. 3) 2017–18

	2016–17 Available \$'000	2017–18 Budget \$'000	2017–18 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
Departmental programs					
Outcome 1—The protection of the financial system from criminal abuse through actionable financial intelligence and collaboration with domestic and international partners	60,661	62,551	65,723	3,172	—
Total departmental	60,661	62,551	65,723	3,172	—

Note: 2016–17 available appropriation is included to allow a comparison of the 2017–18 appropriation with what was made available for use in the previous year.

Table 1.5: Appropriation Bill (No. 4) 2017–18

	2016–17 Available \$'000	2017–18 Budget \$'000	2017–18 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
Non-operating					
Equity injections	10,200	2,000	3,600	1,600	—
Total non-operating	10,200	2,000	3,600	1,600	—
Total other services	10,200	2,000	3,600	1,600	—

Note: 2016–17 available appropriation is included to allow a comparison of the 2017–18 appropriation with what was made available for use in the previous year.

Section 2: Revisions to outcomes and planned performance

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: The protection of the financial system from criminal abuse through actionable financial intelligence and collaboration with domestic and international partners.

Linked programs

For full details of linked programs, refer to page 189 of the 2017-18 PB Statements. There are no significant changes to the linked programs for AUSTRAC arising from AAO of 20 December 2017.

Budgeted expenses for Outcome 1

This table shows how much AUSTRAC intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Departmental funding sources.

Table 2.1 Budgeted expenses for Outcome 1

	2016–17	2017–18	2018–19	2019–20	2020–21
	Actual	Revised	Forward	Forward	Forward
	expenses	estimated	estimate	estimate	estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
Program 1.1: AUSTRAC					
Administered expenses					
Expenses not requiring appropriation in the Budget year (a)	265	–	–	–	–
Administered total	265	–	–	–	–
Departmental expenses					
Departmental appropriations	59,176	62,662	68,528	67,779	67,410
Section 74 retained revenue receipts (b)	4,424	4,416	3,078	1,577	–
Expenses not requiring appropriation in the Budget year (a)	7,251	6,291	5,366	6,306	7,055
Departmental total	70,851	73,369	76,972	75,662	74,465
Total expenses for Outcome 1	71,116	73,369	76,972	75,662	74,465
	2016–17	2017–18			
Average staffing level (number)	320	314			

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

(a) Expenses not requiring appropriation in the Budget year are made up of depreciation and amortisation expenses, losses from asset sales, audit fees and bad and doubtful debts.

(b) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

Performance criteria for Outcome 1

There are no changes to AUSTRAC's performance information as reported in the 2017–18 PB Statements.

Section 3: Special account flows and budgeted financial statements

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Analysis of budgeted financial statements

The revised total expenses in 2017–18 are \$73.369 million, an increase of \$5.165 million from the estimate of \$68.204 million in the 2017–18 PB Statements. The increase is funded by a \$3.172 million increase in appropriation and a \$1.879 million increase in own-resource revenue. The remaining \$0.114 million comprises unfunded depreciation and amortisation expenses.

Equity injection in 2017–18 has been revised to \$3.6 million, an increase of \$1.6 million from the estimate of \$2.0 million in the 2017–18 PB Statements.

The above changes reflect the various government decisions and other variations listed in Tables 1.2 and 1.3.

3.1.2 Budgeted financial statements

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016–17 Actual	2017–18 Revised budget	2018–19 Forward estimate	2019–20 Forward estimate	2020–21 Forward estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	43,503	41,595	43,603	42,091	39,991
Suppliers	20,232	25,643	28,163	27,425	27,579
Depreciation and amortisation	6,998	6,131	5,206	6,146	6,895
Losses from asset sales	118	—	—	—	—
Total expenses	70,851	73,369	76,972	75,662	74,465
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other revenue	4,424	4,416	3,078	1,577	—
Total own-source revenue	4,424	4,416	3,078	1,577	—
Gains					
Other gains	135	160	160	160	160
Total gains	135	160	160	160	160
Total own-source income	4,559	4,576	3,238	1,737	160
Net cost of/(contribution by) services	(66,292)	(68,793)	(73,734)	(73,925)	(74,305)
Revenue from government	57,567	62,662	68,528	67,779	67,410
Surplus/(deficit) attributable to the Australian Government	(8,725)	(6,131)	(5,206)	(6,146)	(6,895)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	—	—	—	—	—
Total other comprehensive income	—	—	—	—	—
Total comprehensive income/(loss) attributable to the Australian Government	(8,725)	(6,131)	(5,206)	(6,146)	(6,895)
Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations	(1,727)	—	—	—	—
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	6,998	6,131	5,206	6,146	6,895
Total comprehensive income/(loss) —as per the statement of comprehensive income	(8,725)	(6,131)	(5,206)	(6,146)	(6,895)

(a) From 2010–11, the government introduced net cash appropriation arrangements where Appropriation Act No. 1 or Bill No. 3 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities were replaced with a separate capital budget (the departmental capital budget, or DCB) provided through Appropriation Act No. 1 or Bill No. 3 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016–17	2017–18	2018–19	2019–20	2020–21
	Actual	Revised budget	Forward estimate	Forward estimate	Forward estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	2,798	2,798	2,798	2,798	2,798
Trade and other receivables	17,612	14,212	14,212	14,212	14,212
Total financial assets	20,410	17,010	17,010	17,010	17,010
Non-financial assets					
Property, plant and equipment	11,432	8,828	7,933	6,593	5,313
Intangibles	7,925	14,459	20,497	22,346	22,916
Other non-financial assets	3,241	3,241	3,241	3,241	3,241
Total non-financial assets	22,598	26,528	31,671	32,180	31,470
Total assets	43,008	43,538	48,681	49,190	48,480
LIABILITIES					
Payables					
Suppliers	8,180	8,180	8,180	8,180	8,180
Other payables	745	745	745	745	745
Total payables	8,925	8,925	8,925	8,925	8,925
Provisions					
Employee provisions	12,267	12,267	12,267	12,267	12,267
Other provisions	448	448	448	448	448
Total provisions	12,715	12,715	12,715	12,715	12,715
Total liabilities	21,640	21,640	21,640	21,640	21,640
Net assets	21,368	21,898	27,041	27,550	26,840
EQUITY (a)					
Parent entity interest					
Contributed equity	80,433	87,094	97,443	104,098	110,283
Reserves	3,116	3,116	3,116	3,116	3,116
Retained surplus/ (accumulated deficit)	(62,181)	(68,312)	(73,518)	(79,664)	(86,559)
Total parent entity interest	21,368	21,898	27,041	27,550	26,840
Total Equity	21,368	21,898	27,041	27,550	26,840

(a) Equity is the residual interest in assets after the deduction of liabilities.

Table 3.3: Departmental statement of changes in equity—summary of movement (budget year 2017–18)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity / capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017					
Balance carried forward from previous period	(62,181)	3,116	—	80,433	21,368
Adjusted opening balance	(62,181)	3,116	—	80,433	21,368
Comprehensive income					
Surplus/(deficit) for the period	(6,131)	—	—	—	(6,131)
Total comprehensive income	(6,131)	—	—	—	(6,131)
of which:					
Attributable to the Australian Government	(6,131)	—	—	—	(6,131)
Transactions with owners					
Contributions by owners					
Equity Injection—Appropriation	—	—	—	3,600	3,600
Departmental Capital Budget (DCB)	—	—	—	3,061	3,061
Sub-total transactions with owners	—	—	—	6,661	6,661
Estimated closing balance as at 30 June 2018	(68,312)	3,116	—	87,094	21,898
Closing balance attributable to the Australian Government	(68,312)	3,116	—	87,094	21,898

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2016–17 Actual \$'000	2017–18 Revised budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	59,923	62,662	68,528	67,779	67,410
Net GST received	2,229	2,200	2,200	2,200	2,200
Other	10,253	4,416	3,078	1,577	–
Total cash received	72,405	69,278	73,806	71,556	69,610
Cash used					
Employees	41,968	41,595	43,603	42,091	39,991
Suppliers	25,849	27,683	30,203	29,465	29,619
Net GST paid	(115)	–	–	–	–
Total cash used	67,702	69,278	73,806	71,556	69,610
Net cash from/(used by) operating activities	4,703	–	–	–	–
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant, equipment and intangibles	12,039	10,061	10,349	6,655	6,185
Total cash used	12,039	10,061	10,349	6,655	6,185
Net cash from/(used by) investing activities	(12,039)	(10,061)	(10,349)	(6,655)	(6,185)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	8,266	10,061	10,349	6,655	6,185
Total cash received	8,266	10,061	10,349	6,655	6,185
Net cash from/(used by) financing activities	8,266	10,061	10,349	6,655	6,185
Net increase/(decrease) in cash held	930	–	–	–	–
Cash and cash equivalents at the beginning of the reporting period	1,868	2,798	2,798	2,798	2,798
Cash and cash equivalents at the end of the reporting period	2,798	2,798	2,798	2,798	2,798

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016–17	2017–18	2018–19	2019–20	2020–21
	Actual	Revised	Forward	Forward	Forward
	\$'000	budget	estimate	estimate	estimate
		\$'000	\$'000	\$'000	\$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget—Act No. 1 and Bill 3 (DCB)	3,094	3,061	3,049	3,055	3,075
Equity injections—Act No. 2 and Bill 4	10,200	3,600	7,300	3,600	3,110
Total new capital appropriations	13,294	6,661	10,349	6,655	6,185
Provided for:					
Purchase of non-financial assets	13,294	6,661	10,349	6,655	6,185
Total Items	13,294	6,661	10,349	6,655	6,185
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	4,604	7,000	7,300	3,600	3,110
Funded by capital appropriation—DCB (b)	3,663	3,061	3,049	3,055	3,075
Funded internally from departmental resources (c)	3,772	—	—	—	—
TOTAL AMOUNT SPENT	12,039	10,061	10,349	6,655	6,185
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	12,039	10,061	10,349	6,655	6,185
TOTAL CASH REQUIRED TO ACQUIRE ASSETS	12,039	10,061	10,349	6,655	6,185

Prepared on Australian Accounting Standards basis.

(a) Includes both current and prior Bill No. 4 and prior Act No. 2, and Bills 4 and 6 appropriations.

(b) Does not include annual finance lease costs. Includes purchase from current and previous years' DCBs.

(c) Includes the following sources of funding: section 74 retained revenue receipts.

Table 3.6: Statement of asset movements (2017–18 budget year)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2017			
Gross book value	23,440	25,285	48,725
Accumulated depreciation/amortisation and impairment	(12,008)	(17,360)	(29,368)
Opening net book balance	11,432	7,925	19,357
CAPITAL ASSET ADDITIONS			
Estimated expenditure on new or replacement assets			
By purchase—appropriation equity (a)	—	7,000	7,000
By purchase—appropriation ordinary annual services (b)	1,279	1,782	3,061
Total additions	1,279	8,782	10,061
Other movements			
Depreciation/amortisation expense	(3,883)	(2,248)	(6,131)
Total other movements	(3,883)	(2,248)	(6,131)
As at 30 June 2018			
Gross book value	24,719	34,067	58,786
Accumulated depreciation/amortisation and impairment	(15,891)	(19,608)	(35,499)
Closing net book balance	8,828	14,459	23,287

Prepared on Australian Accounting Standards basis.

- (a) 'Appropriation equity' refers to equity injections or administered assets and liabilities appropriations provided through *Appropriation Act (No. 2) 2017–2018* and Bill (No. 4) 2017–2018, including collection development acquisition budgets (CDABs).
- (b) 'Appropriation ordinary annual services' refers to funding provided through *Appropriation Act (No. 1) 2017–2018* and Bill (No. 3) 2017–2018 for depreciation/amortisation expenses, DCBs or other operational expenses.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	2016–17	2017–18	2018–19	2019–20	2020–21
	Actual	Revised	Forward	Forward	Forward
		budget	estimate	estimate	estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Other expenses	265	–	–	–	–
Total expenses administered on behalf of Government	265	–	–	–	–
LESS:					
OWN-SOURCE INCOME					
Non-taxation revenue					
Fees and fines	45,290	200	150	100	100
Other revenue	65,316	65,507	77,020	73,925	74,304
Total non-taxation revenue	110,606	65,707	77,170	74,025	74,404
Total own-source income administered on behalf of government	110,606	65,707	77,170	74,025	74,404
Net cost of/(contribution by) services	(110,341)	(65,707)	(77,170)	(74,025)	(74,404)
Total comprehensive income (loss) attributable to the Australian Government	(110,341)	(65,707)	(77,170)	(74,025)	(74,404)

Prepared on Australian Accounting Standards basis.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	2016–17 Actual \$'000	2017–18 Revised budget \$'000	2018–19 Forw ard estimate \$'000	2019–20 Forw ard estimate \$'000	2020–21 Forw ard estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	1	1	1	1	1
Total financial assets	1	1	1	1	1
Total assets administered on behalf of government	1	1	1	1	1
LIABILITIES					
Total liabilities administered on behalf of government	–	–	–	–	–
Net assets/(liabilities)	1	1	1	1	1

Prepared on Australian Accounting Standards basis.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

	2016–17 Actual \$'000	2017–18 Revised budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Fines	45,290	200	150	100	100
Other	65,051	65,507	77,020	73,925	74,304
Total cash received	110,341	65,707	77,170	74,025	74,404
Net cash from/(used by) operating activities	110,341	65,707	77,170	74,025	74,404
Net increase/(decrease) in cash held	110,341	65,707	77,170	74,025	74,404
Cash and cash equivalents at beginning of reporting period	–	1	1	1	1
Cash from Official Public Account for:					
- Transfers from other entities (Finance—Whole of Government)	23	–	–	–	–
Total cash from Official Public Account	23	–	–	–	–
Cash to Official Public Account for:					
- Transfers to other entities (Finance—Whole-of-Government)	(110,363)	(65,707)	(77,170)	(74,025)	(74,404)
Total cash to Official Public Account	(110,363)	(65,707)	(77,170)	(74,025)	(74,404)
Cash and cash equivalents at end of reporting period	1	1	1	1	1

Prepared on Australian Accounting Standards basis.