# SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

## BUDGET ESTIMATES 2017

### Australian Transaction Reports and Analysis Centre

### Question No. BE17-199

**Senator Watt asked the following question on 29 August 2017:**

Mr Walters: The agency's budget and funding is very much affected by, as mentioned earlier, various capital Mr Walters: The agency's budget and funding is very much affected by, as mentioned earlier, various capital programs that we have in place. The total funding that we have available can vary quite a lot from year to year, and it's as a result of that capital funding. In this case, what you're referring to is affected also by one NPP measure, which is terminating in 2018-19.

Senator WATT: What's that for?

Mr Walters: That's for the DHS data-matching integrity of the welfare payments measure.

Senator WATT: Just explain to me why AUSTRAC is involved in that.

Mr Walters: We are partnering with the Department of Human Services to arrange a data-matching regime and provide information to them. programs that we have in place. The total funding that we have available can vary quite a lot from year to year, and it's as a result of that capital funding. In this case, what you're referring to is affected also by one NPP measure, which is terminating in 2018-19.

Senator WATT: What's that for?

Mr Walters: That's for the DHS data-matching integrity of the welfare payments measure.

Senator WATT: Just explain to me why AUSTRAC is involved in that.

Mr Walters: We are partnering with the Department of Human Services to arrange a data-matching regime
 and provide information to them.

Mr McCairns: I can provide a bit more on that, because I know another senator was interested in that. We were funded over four years to build an IT platform to enable for large-scale matching—and it goes to my colleague's point about continuing to look at new technology to help do risk analysis et cetera. This matches the DHS data against the AUSTRAC data. The idea is to help DHS improve its capability in detecting welfare fraud and serious noncompliance in relation to welfare payments. This capability replaces a current manual process. It's an automated data-sharing protocol. It's not fully built yet. It's still in beta phase, but it will improve the efficiency and the effectiveness of which AUSTRAC and DHS are able to share the data and identify potential fraud and serious non-compliance. We have this done this in a co-design with DHS. They've actually seconded staff to us to
co-design the system. I will just tell you how it operates—

Senator WATT: In the interests of time, feel free to put a bit more explanation on notice. So what you're telling me then is that any reductions in your expenditure across the forward estimates in outcome 1 are attributable to the end of this capital project being—

Mr McCairns: Absolutely. It's mostly that capital project. That's a terminating NPP. The capital finishes this year coming, and operating the following year. By that time, it will be built and operational.

Senator WATT: The way you just put was that it's mostly to do with that. Are there other cuts that are occurring beyond the capital project that show up here?

Mr McCairns: No. That's the vast majority of it. If you look at the appropriation, it's roughly the same over the forward—

Senator WATT: So money you're being given to stop terrorism financing and money laundering is not decreasing across the forward estimates.

Mr McCairns: It's always roughly been the same over the forward estimates.

Senator WATT: It's pretty static: it's not really going up and down.

Mr McCairns: It's pretty flat and it's the capital side. It's simply a terminating NPP. We'll build a system. We'll put it in, and then that will be done.

**The response to the honourable Senator's question is as follows:**

Capital funding is provided to AUSTRAC for delivery of specific projects. Large funding variations are common and reflect the timing of project commencements and final project delivery. Project work is distinct from AUSTRAC's normal operations, where business-as-usual (BAU) activities are funded mostly via appropriation from government.

In the 2017-18 Portfolio Budget Statements, AUSTRAC's Entity Resource Statement at Table 1.1 shows the estimated total net resourcing for 2016-17 at $88.6 million, and the budgeted net resourcing for 2017-18 at $80.6 million.

The reduction in resourcing of $8.0 million is occurring in the project funding area, itemised in Table 1.1 as equity injection. The reduction in equity injection reflects project work coming to a natural conclusion. Design and build activities (and the associated equity funding) are scheduled to end when the project approaches go-live and commissioning.

Conversely, Table 1.1 shows that AUSTRAC's departmental appropriation is increasing by $1.9 million from 2016-17 to 2017-18. AUSTRAC's current funding profile across the forward estimates is indicating a reduction in departmental appropriation in 2019-20, before increasing again in 2020-21. The reduction in 2019-20 is mainly due to the terminating DHS measure; however, the base funding for BAU activities is not affected by the termination.