



Australian Government

Department of Foreign Affairs and Trade



SANCTIONS REGULATOR PERFORMANCE – SELF-ASSESSMENT REPORT

July 2021

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SANCTIONS REGULATOR PERFORMANCE SELF-ASSESSMENT FOR THE 2020-21 FINANCIAL YEAR

INTRODUCTION

The Australian Sanctions Office (ASO), within the Department of Foreign Affairs and Trade (DFAT), is the sanctions regulator for Australia. The ASO is responsible for implementing and administering Australia's sanctions regimes. Consistent with the requirements of the Australian Government's Regulator Performance Framework¹ (the Framework), this report sets out the results of the ASO's self-assessment of its performance during the 2020-21 financial year (Review Period).

The Framework includes six Key Performance Indicators (KPIs) against which all regulators must assess their performance. For each of these KPIs, the ASO has assessed its performance by reference to metrics determined at the start of the Review Period.

The ASO sought feedback on its performance from the Australian Government agencies with which it works, including the Australian Transaction Reports and Analysis Centre (AUSTRAC), Australian Border Force (ABF), the Australian Federal Police (AFP), Defence Exports Control (DEC), Office for the Arts (OFTA), industry associations representing Australian businesses and universities, as well as directly from frequent applicants and key stakeholders. The ASO has taken this feedback into account in conducting the self-assessment. This report has been externally validated, as required by the Framework.

During the Review Period, the ASO had an average of 12.7 staff, with approximately six staff working on regulatory matters. This represents an increase of 38 per cent in total staffing levels from the previous financial year.

We welcome your feedback on this report. Please send any feedback to sanctions@dfat.gov.au.

SUMMARY FINDINGS

In the Review Period, the ASO was effective and efficient in performing its role as the Australian Government's sanctions regulator. It supported Australian citizens and businesses to work within Australian sanctions laws, and fostered stronger whole-of-government collaboration on sanctions education and compliance monitoring.

The ASO improved its performance on previous years. Over the Review Period, a marked improvement was observed in the processing of sanction applications and indicative assessments. It processed these, on average, within 33 business days of receiving all relevant information. This was within the ASO's target timeframe of six to eight weeks. Of note, the ASO reduced its active caseload by 32 per cent. The ASO remains committed to improving response times in 2021-22.

Overall, feedback indicates that the ASO's communication was clear, targeted and effective. The ASO's website was kept current and is a source of valued information for the public on Australian sanctions laws. On 1 October 2020, the ASO launched a new online portal for sanction applications and queries, which has

¹ Accessible at www.pmc.gov.au/regulation.

improved communication with regulated entities, and simplified permit processes for clients and the ASO alike.

The ASO also conducted a range of outreach activities, including its first virtual outreach event to the public, which was attended by more than 500 participants. Due to the COVID-19 pandemic, the ASO changed its approach to the delivery of outreach to include virtual sessions. This enabled the ASO to continue to deliver effective outreach in a virtual context. Given the potential reach and greater flexibility of virtual outreach delivery, the ASO plans to incorporate both in-person and virtual outreach events in its 2021-22 program of activities.

During the Review Period, the ASO refined its risk-based approach to its regulatory work, including permit applications and compliance activities. The ASO is committed to further improving its risk management framework in order to streamline permit processes, in order to facilitate trade that is in the national interest.

The ASO worked closely with Government partners (chiefly AUSTRAC, ABF and AFP) to coordinate compliance monitoring activities and enforcement action. In 2021-22, the ASO aims to introduce a new compliance and enforcement strategy will focus on fostering voluntary compliance with Australian sanctions laws.

In the Review Period, the ASO finalised two independent reviews – one into the effectiveness of sanctions legislation, and a second on sanctions administrative processes and practices. The ASO is dedicated to continuous improvement, and as such is progressing work on a number of the recommendations made in the reviews in order to reduce regulatory burden and improve regulatory processes.

DETAILED FINDINGS

KPI 1: Regulators do not unnecessarily impede the efficient operation of regulated entities

Metric 1: ASO provides timely responses to formal applications and requests for indicative assessments submitted through the online sanctions portal (Pax)

On 1 October 2020, the ASO launched a new online portal for sanction applications and queries. This new portal, named 'Pax', replaced the former Online Sanctions Administration System (OSAS), which relied on an outdated platform that was deemed unfit for purpose. Pax provides users with an easy to navigate interface that facilitates the lodgement of applications, indicative assessments, and general queries direct to the ASO. For officials, Pax provides enhanced case management functions, including streamlined processes and more detailed reporting capabilities. The introduction of Pax has delivered a marked improvement in processing times.

In the Review Period, the ASO finalised 55 applications for sanctions permits (see Table 1) and a further 21 applications were assessed and found not to enliven sanctions restrictions. The ASO also finalised 63 formal requests for an indicative assessment. These figures do not include applications and inquiries which were withdrawn by clients following initial assessment by the ASO, or applications and inquiries received but not finalised. It should be noted that the ASO also receives a significant number of informal enquiries from the public and Government agencies.

To assess the ASO's performance against KPI 1 using Metric 1, the ASO reviewed a sample of 20 per cent of all applications and indicative assessments finalised during the Review Period (across both Pax and OSAS). On average, it took the ASO 33 business days to make a decision or put a recommendation to the Minister for Foreign Affairs (the Minister) from the time the ASO had received all relevant information from the client

and Australian Government agencies. This is within the target of six to eight weeks and represents an improvement of processing times by eight days (20 per cent) from the previous year (41 business days in 2019–20).

While it took an average of 33 business days to conclude matters once all relevant material was obtained, the ASO acknowledges that total response times can be significantly longer. For instance, a sample review of Pax permit applications found that it took the ASO an average of 58 business days to finalise a matter or put a recommendation to the Minister for Foreign Affairs. This means it can take several months for an applicant to receive an outcome on a permit application. The ASO is continuously working to improve its processing times. Over the Review Period, the ASO recruited extra staff (on an ongoing basis), including staff with regulatory expertise.

It should be noted that the ASO made significant efforts to reduce its active caseload during the Review Period. As at 30 June 2021, the ASO had only 34 active matters, compared to 50 active matters on 30 June 2020, and 86 active matters on 30 June 2019.

KPI 1: Stakeholder Feedback

In the feedback provided, several stakeholders reported delays in the processing times of permit applications, stating it can take four to six months to receive an outcome from the ASO. One stakeholder noted that permit response times are inconsistent and unpredictable – making it difficult for businesses to manage such variables in a commercial environment. Another stakeholder observed that the likelihood of delays while awaiting a sanctions approval has been a problem commercially, citing a disconnect between the time imperatives of Government and business. However, this same stakeholder, also noted that the ASO team is good to work with, and addresses requests quickly. Similarly, a government stakeholder also noted that improvements to processing times would be welcomed by industry. Finally, a stakeholder recommended that the Minister consider delegating her permit powers in order to facilitate quicker processing times.

Table 1: Permit applications finalised in 2020-21 (where the ASO assessed that a sanctions permit was required)

Sanctions Regime	Number of Finalisations
Central African Republic	1
Counter Terrorism	1
Democratic Republic of Congo	2
Democratic People's Republic of Korea	2
Libya	1
Russia	32
Somalia	11
Sudan	1
South Sudan	3
Zimbabwe	1
TOTAL	55

KPI 2: Communication with regulated entities is clear, targeted and effective

The ASO seeks to ensure that communication with clients is clear, targeted and effective.

Communication between the public and the ASO is facilitated through Pax. Clients are encouraged to submit their queries through an e-form in Pax. In cases where clients write to the ASO by email, such queries are funnelled into Pax for workflow allocation and record keeping purposes. As a result, all queries are now actioned through Pax.

If a detailed assessment is required to an initial query, the ASO offers indicative assessments to the public. This approach seeks to protect both the regulator and the regulated community by ensuring formal and consistent advice is given in response to enquiries relating to sanction laws. This is especially important given the complex nature of Australian sanctions laws and the wide variety of goods and services to which sanctions may apply.

To enhance ease of communication, regulated entities are able to subscribe to the ASO's mailing list. Emails are sent to subscribers on regime changes, outreach activities, and other relevant matters.

Metric 2A: DFAT Sanctions website is current and changes made within two business days of any regulatory change

The ASO primarily provides information to the public about Australia's sanctions regimes through the sanctions' webpages on DFAT's website². Additionally, Pax provides users with information on how to complete permit applications and indicative assessments. These webpages are current.

The ASO webpages contain a series of plain language 'snapshots' which provide the regulated community with easy-to-read information on Australia's sanctions regimes. During the Review Period, the ASO updated the sanctions information on DFAT's website as necessary (for example, refreshed the website following the launch of Pax, as well as the publication of new educational material following outreach). Management of the ASO webpages continues to improve, with additional resources allocated in the Review Period to website updates and to the administration of the Pax system. The ASO is dedicated to enhancing website functionality and usability where feasible. For example, the ASO is currently examining options to enhance usability of the DFAT Consolidated List (of all persons and entities subject to targeted financial sanctions under Australian law). Making the Consolidated List readily searchable and user friendly is consistent with the ASO's broader efforts to better support voluntary compliance by the public with sanctions requirements. A new platform would also reduce the resource burden on the ASO to administer and update the DFAT Consolidated List. Any new system would take into consideration feedback received from stakeholders on preferred functionality.

In the Review Period, there were no regulatory changes to sanction regimes under the *Charter of the United Nations Act 1945* (UN Regime) or the *Autonomous Sanctions Act 2011* (Autonomous Regime). The ASO is currently in the process of updating the UN regime to take account of United Nations Security Council Resolutions (UNSCRs) made during the reporting period. On 28 July 2020, the United Nations Security Council (UNSC) adopted Resolution 2536, which extends for another 12 months the sanctions measures and arms embargo for the Central African Republic with some exceptions. On 12 November 2020, the UNSC adopted Resolution 2551, which makes changes to the arms embargo applied to Somalia. Once the necessary amendments to the UN regime are made, the ASO website will be updated to reflect these changes.

² Accessible at <https://www.dfat.gov.au/international-relations/security/sanctions/Pages/sanctions>

Significant work was undertaken by the ASO during the Review Period to renew 586 listings of entities and individuals subject to targeted financial sanctions – a process which requires ministerial approval for each relisting. The DFAT Consolidated List was updated as soon as practicable after the Minister exercised her discretion to renew a listing – in most cases this occurred within 18 business days. In addition to renewed listings, the Minister also made eight new listings, which were published on the DFAT Consolidated List within an average of six business days.

Metric 2B: Regular, targeted outreach conducted with relevant stakeholders

Travel restrictions and social distancing requirements due to COVID-19 reduced the ability of the ASO to conduct traditional outreach sessions in the Review Period. In response to the pandemic, the ASO looked to establish a new outreach strategy that would allow for a continuation of its outreach agenda through virtual means – thereby limiting the need for staff and stakeholders to travel or attend large gatherings. Despite COVID-19, outreach engagements are trending upwards in number and reach when compared to previous years.

During the Review Period, the ASO undertook its first virtual outreach event to the public, which was attended by more than 500 participants – comprised of key industry members such as: exporters and importers, Australian universities, financial institutions, and humanitarian organisations. The event allowed members of the regulated community who had previously not been captured by the ASO's targeted outreach sessions (held across state and territory capital cities) to gain insights into the ASO's capabilities, understand the current sanctions landscape, and ask questions of the ASO on various policy and regulatory issues.

On 21 June 2021, the ASO participated in a panel discussion at the Association for Certified Anti-Money Laundering Specialists Australasian Conference. The ASO discussed how Australian sanctions contribute to combatting terrorist financing and the proliferation of weapons of mass destruction, and the important role that financial institutions play in maintaining the integrity of Australia's sanctions regimes. Participation at the conference also allowed the ASO to engage with industry members on an individual level to discuss emerging issues and explore new opportunities for education and collaboration.

Additional outreach activities included meeting with key stakeholders in the financial sector, engagement with the international development sector, as well as meetings with other co-regulators and sanction counterparts in foreign governments to build capacity, discuss best practice and consider options for enhanced cooperation and information sharing.

KPI 2: Stakeholder Feedback

Multiple stakeholders expressed satisfaction with the ASO's increased focus on delivering information sessions and attending industry specific events, with one stakeholder noting their appreciation for the effort made to establish a good culture of communication and cooperation with industry. According to stakeholders, the benefits of this approach for them include increased awareness of sanctions, better understanding of the ASO's responsibilities, and more opportunities for the ASO to directly engage with industry. They also felt it gave the ASO greater exposure to the complex regulatory environment industry operates in.

A Government stakeholder noted that they had observed the ASO's communication to be clear and appropriate. AUSTRAC and external stakeholders also noted that they value the emails to subscribers on updates to the DFAT Consolidated List, which assist industry to stay informed on targeted financial sanctions.

One stakeholder stated they found communication to be largely reactive and not always easy to interpret. The ASO will engage with this stakeholder to clarify their requirements and to provide assistance.

KPI 3: Actions undertaken by regulators are proportionate to the regulatory risk being managed

The ASO is dedicated to continuous improvement and undertakes regular analyses of its legislative and administrative practices to ensure regulatory processes are risk-based and proportionate. In the Review Period, the ASO finalised two independent reviews – the first a review of Australian sanction legislation, known as the ‘Sanctions Legislative Review’³ (the Legislative Review), and the second – a review of the ASO’s administrative processes and practices, known as the ‘Sanctions Governance, Administrative and Regulatory Review’⁴ (the Administrative Review).

The Legislative Review examined Australia’s sanctions legislative framework and provided options for possible improvements to the existing regime. The Legislative Review makes a series of recommendations, which the ASO is currently considering. Where possible, the ASO intends to incorporate many of the recommendations into the broader legislative work required when the *Autonomous Sanctions Regulations 2011* sunset⁵. Due to the breadth of proposed changes, the ASO anticipates it will require a short boost in resources to effect the necessary legislative changes.

The Administrative Review examined the ASO’s administrative decision-making, governance and regulatory practices to ensure the ASO was appropriately performing its functions. Overall, the reviewers concluded that the ASO is executing its regulatory functions competently, but made some recommendations to assist the ASO to refine, consolidate and support the fulfilment of its regulatory obligations. The ASO is actively working through the recommendations, with work already underway to implement a series of operational policies as recommended in the Administrative Review, including:

- recent deployment of a new permit processing system (Pax) (launched 1 October 2020);
- development of a new risk and intelligence policy that sets out the ASO’s attitude to risk (in-progress); and
- finalisation of a compliance policy that seeks to adopt a graduated approach to sanctions enforcement (in-progress).

The reviewers noted that a number of their recommendations were contingent on the allocation of appropriate resources to the ASO to ensure the governance, administrative and regulatory structures could be maintained as the scope and scale of sanctions continues to increase.

Metric 3: ASO applies risk-informed processes with a view to reducing regulatory burden, including ensuring requests for supplementary information are reasonable and proportionate to regulatory risk

The ASO engages with risk in relation to all aspects of its functions and continues to identify areas for innovation, with the view to streamline processes. During the Review Period, the ASO enhanced its risk-based approach to deciding sanction permit applications. Such an approach takes into consideration the risk posed by the particular activity, the compliance history of the applicant, as well as the risk posed by the end user.

The ASO requests additional information from its clients when needed to inform an indicative assessment or to evaluate an application. For example, the ASO may require further information on the technical

³ The Sanctions Legislative Review was completed in November 2020, by Sparke Helmore Lawyers.

⁴ The Sanctions Governance, Administrative and Regulatory Review was completed in October 2020, by MinterEllison.

⁵ A sunset provision applies to the *Autonomous Sanctions Regulations 2011*, meaning that unless further legislative action is taken to extend the regulations, they would cease to have effect.

specifications of a good or additional information about the end user. The ASO's review of 20 per cent cases (as described at Metric 1) revealed that requests for supplementary information were reasonable and appropriate. It is noted that when compared to the 2019-20 financial year, the time taken to initiate a request for supplementary information significantly improved from an average⁶ of 21 business days, to seven business days in the Review Period.

Since the deployment of Pax, the ASO has been able to more easily initiate checks and requests for supplementary information on applications as they are received, thereby improving overall processing times. This improvement has been due largely to the superior communication functions available through Pax, which has allowed for open communication between the ASO and its clients.

During the Review Period, the ASO commenced triaging incoming applications in order to provide more streamlined examination and prioritisation of cases. Improvements in this area have allowed the ASO to significantly reduce its on hand caseload. As at 30 June 2021, the ASO had a total of 34 active applications, a vast improvement when compared to previous years (as noted in Metric 1, KPI1).

KPI 3: Stakeholder Feedback

One external stakeholder stated that the response to the regulatory risk being managed was balanced and appropriate. Yet another stakeholder flagged that the assessment process does not always appear to be risk-based given the length of time it takes to consider and approve permits. One stakeholder noted that most businesses would not be of sufficient scale to have dedicated subject matter experts on all the sanctions regulations and obligations, so a proportional approach as to any errors or omissions would be appreciated.

Feedback from Government stakeholders expressed satisfaction with the ASO's processes and associated management of risk. They noted the ASO works well with co-regulators on matters of enforcement and that the ASO is proportionate in its actions.

KPI 4: Compliance and monitoring approaches are streamlined and coordinated

Metric 4A: ASO coordinates compliance and monitoring activities with other relevant agencies

The ASO has a limited role in enforcing and monitoring compliance with Australian sanctions law. As a small regulator, the ASO has a limited mandate to undertake compliance monitoring or pursue enforcement. Penalties for breaches of Australian sanctions law are confined to criminal offences, which further limit the actions the ASO can independently take to enforce Australian sanctions law.

Where the ASO uncovers incidents of non-compliance with Australian sanctions law, the ASO will conduct initial checks in-house and undertake an assessment of the alleged breach. Where there is evidence that corroborates a breach, the matter is referred to the AFP or ABF for formal investigation. The ASO works closely with law enforcement agencies in the pre and post referral stage—including by issuing production notices. The ASO also works closely with AUSTRAC to monitor transactions for possible violations of Australian sanctions law.

Likewise, the ASO regularly engages with AUSTRAC on suspected breaches of targeted financial sanctions. Information sharing arrangements between AUSTRAC and the ASO make it possible for both agencies to

⁶ Average based on a sample audit of 20 per cent of applications finalised in 2019-20 through OSAS, and in 2020-21 through Pax.

work actively on suspicious incidents, and also to coordinate routine compliance monitoring activities across various sectors.

The ASO processed 26 ABF referrals during the Review Period, compared with 31 ABF referrals in the 2019-20 financial year (a reduction of 16 per cent). The ASO has observed a downward trend in the number of ABF referrals received in the latter part of the Review Period and is working with the ABF to ensure appropriate safeguards are being applied at the border.

In keeping with the recommendations of the Administrative Review, the ASO has continued work to implement a new compliance policy and monitoring strategy, and plans to have the new policy endorsed by the Department's Audit and Risk Committee in 2021-22. This new framework proposes a graduated approach to managing non-compliance, which will allow the ASO to more flexibly and proportionately respond to breaches of sanction laws. Such an approach recognises that the vast majority of regulated entities seek to abide by the law, while only a small minority might seek to evade their responsibilities.

Metric 4B: ASO engages with businesses to increase understanding of, and compliance with, Australian sanctions regulations

The ASO works with individual Australian businesses to assist them to understand and comply with Australian sanctions laws. For example, if the ABF stops a shipment at the border, the ASO will work with the affected exporter to determine if the goods require a permit and to explain the permit application process.

The deployment of Pax has allowed the ASO to respond more effectively to enquiries from regulated entities. The ASO regularly updates its website, and maintains a series of plain language 'snapshots' on Australia's various sanctions regimes. In cases where an individual or entity is uncertain of whether sanctions apply to a proposed activity, the ASO offers formal assessments of proposed activities (through Pax) at no cost. Further, to ensure compliance with targeted financial sanctions, the ASO routinely publishes updates to the DFAT Consolidated List that are also communicated to stakeholders via email.

The ASO recognises that increased communication and awareness of sanction laws drives voluntary compliance. Through increased education and outreach, the ASO aims to ensure a community that promotes compliance and prevents inadvertent breaches of Australian sanctions law. The ASO will engage with regulated entities and co-regulators to ensure natural justice is consistently applied to compliance activities and ensure that compliance action is fair and proportionate.

KPI 4: Stakeholder Feedback

A stakeholder reported that the ASO's approach to compliance is very structured and inflexible. The ASO acknowledges that it applies a strict compliance strategy, in particular to incidents of non-compliance. To better foster a community of voluntary compliance, the ASO is working to develop a clearly articulated compliance policy with a focus on graduated compliance, to enable it to be more responsive to the breadth of sanctions-related compliance matters.

By contrast, a government stakeholder noted the ASO has actively coordinated compliance activities with other intelligence and law enforcement agencies. They further stated that the ASO has made valuable contributions when engaging in monitoring activities and has adopted a risk-based approach to compliance. Likewise, OFTA praised the ASO's coordinated and streamlined approach to case investigations.

General feedback received from the banking sector asks the ASO to facilitate public-private partnerships to better monitor compliance with targeted financial sanctions through the sharing of intelligence. The ASO is open to facilitating such endeavours with the support of its co-regulators, such as AUSTRAC.

Several stakeholders recommended the ASO improve the DFAT Consolidated List in order to enable industry to better comply with sanctions obligations.

KPI 5: Regulators are open and transparent in their dealings with regulated entities

Metric 5A: Administrative decisions and responses to formal applications and inquiries clearly outline the legal basis for such decisions

Administrative decisions regarding the application of Australian sanctions laws (such as whether or not a permit can be granted) are made by the Minister or her delegate. In these cases, the ASO makes a recommendation to the decision-maker which sets out the applicable law. Where a formal administrative decision is not required, the ASO responds to formal applications and indicative assessments by advising that the proposed activity is not prohibited by, or subject to authorisation under, Australian sanctions law.

As part of the review of applications and indicative assessments referred to in KPI 1 above, the ASO considered whether administrative decisions and the ASO's written responses clearly outlined the legal basis for the decision or response. The ASO determined that its internal decision documents and its letters to clients did outline clearly the legal basis for its decisions or responses. The relevant legislation is referenced and its application to the specific matter is outlined.

The ASO seeks to continuously improve its administrative practices. As an example, during the Review Period, the ASO sought to improve processes around the assessment of 'arms or related matériel'. Staff undertook training on the 'Three-Step Test', which the ASO uses to assess whether a good meets the definition of 'arms or related matériel', and made suggestions for the improved application of the test against a series of complex cases. Internal decision-making processes are frequently evaluated to ensure they are fit for purpose and efficient. The introduction of Pax has also facilitated better record keeping, the consolidation of work, and the formulation of precedents. Such measures help to ensure the ASO is reasonable, consistent and effective in its decision-making on sanctions applications and indicative assessments, and in its formulation of recommendations to the Minister or her delegate.

Metric 5B: DFAT sanctions website is kept up-to-date and provides accurate and helpful information

The ASO provides comprehensive information on each of Australia's sanctions regimes and guidance on how to apply for a sanctions permit on the ASO website. The website content is updated as changes to sanctions laws take effect (see Metric 2A above) and is used to enable public consultation on changes to autonomous sanction regimes. Any recent changes to sanctions laws are highlighted on the website. Updates to the DFAT Consolidated List of persons and entities subject to targeted financial sanctions are published on the website as soon as practicable. Members of the public are able to subscribe to the ASO's mailing list to receive notification of updates.

In March 2020, the ASO completed a significant restructure of its website to make it easier for users to navigate and source information. The ASO has continued to build on this work during the Review Period, with resources now dedicated to website updates and the administration of the Pax system. The resourcing requirements of managing the sanctions' webpages and the ongoing maintenance of Pax are considerable for a small regulator such as the ASO. For example, in preparing for the launch of Pax, the ASO was pressed to redirect most resources away from routine regulatory activities and towards the deployment of Pax. The ASO considers that the investment into Pax has been worthwhile but acknowledges that such initiatives are resource intensive. The ASO will continue to work with the Pax development team to ensure Pax is maintained and remains fit for purpose.

The ASO facilitates free access to LinkMatchLite, software which enables the public to search the DFAT Consolidated List for designated persons and entities. During the Review Period, this software was

predominately unavailable to users due to technical issues. The ASO recognises the reliance some businesses have on this software to conduct due diligence, and is therefore considering options to develop a new, tailored platform (see Metric 2 above). The matter is currently before the Department's Information Management and Technology Division for consideration.

KPI 5: Stakeholder Feedback

AUSTRAC observed that the ASO's website is well maintained, relevant, and up to date. AUSTRAC noted their staff regularly refer to the website and the DFAT Consolidated List.

The Office for the Arts (OFTA) commented that the ASO is very open and transparent in their dealings with regulated entities. One stakeholder found the ASO is gradually improving its transparency and that Pax could be used to better update applicants on the progress of their matters. The ASO acknowledges the importance of Pax in preserving transparency in administrative decision making and is therefore continuously working to improve Pax's functionality. Another stakeholder noted that in their experience, the ASO had been direct and transparent on regulatory matters including the processing of permit applications.

Multiple stakeholders noted that the ASO's website provides an excellent overview of Australian sanctions laws and that the 'snapshot' summaries are useful tools for navigating the complex regulatory regimes. Stakeholders also commented that the addition of a list of FAQs would provide further assistance and clarity. The ASO acknowledges this request and is actively developing a set of useful FAQs, specifically informed by questions from a recent outreach session.

A stakeholder observed that the introduction of Pax has offered a more streamlined and transparent approach to administrative interactions with the ASO. They noted that the automatic confirmation of lodgements of matters is efficient in supporting good record keeping for government and regulated entities respectively, and that response times have similarly been efficient and helpful, particularly in ensuring interagency awareness where relevant.

KPI 6: Regulators actively contribute to the continuous improvement of regulatory frameworks

The ASO works closely with Australian Government counterparts, including to improve Australia's regulatory framework for sanctions.

The ASO works closely with the ABF on regulatory matters which impact the administration of sanctions and custom laws, and maintains open communication between both agencies to stay informed on regulatory and operational matters. During the Review Period, the ASO and ABF made improvements to the referral processes between the two agencies in order to facilitate the border clearance of consignments that are in the national interest, and protect against those that pose a risk to our prosperity. Similarly, the ASO works collaboratively with DEC on regulatory matters. DEC provides the ASO with formal technical assessments and advice, which enables both to fulfil regulatory obligations in respect to military and dual use goods in a consistent manner.

The ASO works with AUSTRAC to promote awareness and compliance with sanction laws in the financial sector. Through this engagement, both agencies have a better understanding of each other's regulatory responsibilities, which has enabled more targeted referrals on financial and trade sanctions. In the Review Period, the ASO was granted access to AUSTRAC systems which has allowed the ASO to better access information on financial transactions of sanctions concern.

OFTA reported in their feedback that the ASO has actively engaged with them, ABF and INTERPOL Canberra on regulatory matters. In a collective effort to improve processes, the ASO and OFTA have actively shaped

the procedures applied to the assessment and management of cultural heritage material identified in Australia as possibly subject to sanctions.

The ASO also contributes to the improvement of Australia's sanctions regulation through its support for Australia's participation in the Financial Action Task Force – the global standard setting body for anti-money laundering, counter-terrorism financing and counter-proliferation financing. The ASO also engages with other countries to discuss best practice in the administration of sanction laws.

Metric 6: Regular review of Australian sanctions processes to ensure efficiency, effectiveness and usability for stakeholders

As mentioned above (see Metric 1), the launch of Pax has provided stakeholders with a modern and user-friendly sanctions portal to facilitate regulatory enquiries and formal applications for sanction permits. The ASO considers that Pax provides users with a more efficient, effective and usable platform that connects the regulated community directly with the ASO. Pax has made it significantly easier for the ASO to track workflow, which has led to efficiencies within the office.

The ASO is actively reviewing its legislative and administrative practices to ensure regulatory processes are risk-based and proportionate. As mentioned at Metric 3 above, the ASO is progressing work on a series of recommendations made in the Legislative Review and Administrative Review, which were completed in November 2020, and October 2020 respectively. While the reviewers found that the ASO is performing effectively as a regulator, it makes recommendations for improvements which will allow the ASO to deliver its priorities in a more effective and efficient manner. Work to implement the recommendations of the reviews is ongoing.

KPI 6: Stakeholder Feedback

AUSTRAC noted in their feedback that communication between the ASO and other sections of DFAT could be improved. The ASO acknowledges the importance of consistent messaging and will work with other areas of DFAT to better communicate regulatory matters to internal stakeholders. The ASO is in very regular communication with country and thematic line areas within DFAT, as well as co-regulators outside DFAT, to effect a robust sanctions regime for Australia, but acknowledges that the ASO could increase its engagement across DFAT, especially on operational matters.

In their feedback, the AFP remarked that the ASO is open and receptive to finding the best way to work together to support AFP investigations where it is suspected a sanctions offence has been committed. The AFP noted the complexity of Australia's sanctions regimes, and the legislation and regulations that underpin them, which continue to present a challenge for investigators. However, AFP noted the ASO's commitment to continuous improvement in this area.

A stakeholder noted in their feedback that Pax could be used better to update and inform users on the progress of permit applications. They further noted that Pax does not provide any tracking information on the progression of permit applications and does not provide any clarity on when a permit application will be finalised. To that end, the ASO notes that some tracking information is provided in Pax but recognises that it is not able to anticipate dates of finalisation. As advised on the website, the ASO recommends clients allow three months for processing an application.