

## Chapter 2

### Australian Crime Commission Annual Report 2012-13

#### Background

2.1 The ACC is established under the *Australian Crime Commission Act 2002* (the ACC Act) as a statutory authority to combat serious and organised crime.<sup>1</sup> It is the only agency 'solely dedicated' to combating nationally significant organised crime in Australia.<sup>2</sup> The ACC works with partners across law enforcement, national security, government and industry and provides a 'national intelligence picture of serious and organised crime activities...'<sup>3</sup>

#### Annual report compliance

2.2 The ACC annual report must comply with requirements specified in section 61 of the ACC Act. Subsection 61(2) requires that the report must include the following:

- a description of any investigation into matters relating to federally relevant criminal activity that the ACC conducted during the year and that the ACC Board determined to be a special investigation;
- a description, which may include statistics, of any patterns or trends, and the nature and scope, of any criminal activity that have come to the attention of the ACC during that year in the performance of its functions;
- any recommendations for changes in the laws of the Commonwealth, of a participating State or of a Territory, or for administrative action, that, as a result of the performance of the ACC's functions, the ACC Board considers should be made;
- the general nature and the extent of any information furnished by the CEO during that year to a law enforcement agency;
- the general nature and the extent of any information disclosed by the CEO during that year to a body corporate under section 59AB;<sup>4</sup>

---

1 ACC, *About the Australian Crime Commission*, [www.crimecommission.gov.au/about-us/legislation](http://www.crimecommission.gov.au/about-us/legislation) (accessed 18 March 2014).

2 ACC, *Annual Report 2012-13*, p. 10.

3 ACC, *Annual Report 2012-13*, p. 10.

4 Section 59AB relates to the disclosure of information to private sector bodies. The CEO may disclose ACC information to a body corporate that is prescribed if the CEO considers it appropriate and that the disclosure is necessary for preventing criminal offences, detecting criminal offences or facilitating the collection of criminal information. *Australian Crime Commission Act 2002*, s. 59AB.

- 
- the extent to which investigations by the ACC have resulted in the prosecution in that year of persons for offences;
  - the extent to which investigations by the ACC have resulted in confiscation proceedings;
  - particulars of the number and results of:
    - applications made to the Federal Court or the Federal Magistrates Court under the *Administrative Decisions (Judicial Review) Act 1977* for orders of review in respect of matters arising under the ACC Act; and
    - other court proceedings involving the ACC;being applications and proceedings that were determined, or otherwise disposed of, during that year.<sup>5</sup>

2.3 The ACC is a prescribed agency for the purposes of the *Financial Management and Accountability Act 1997* (FMA Act). As an FMA Act agency, the ACC must comply with the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, prepared by the Department of the Prime Minister and Cabinet and approved by the Joint Committee of Public Accounts and Audit.<sup>6</sup>

2.4 Based on the committee's assessment, the annual report meets the above requirements.

## **Emerging serious and organised crime threats and the ACC's response**

### ***Cybercrime***

2.5 The annual report acknowledges the ability of organised criminals to extend their reach through the cyber environment. Recognised as a security risk in Australia, cybercrime helps criminals 'commit new crimes and commit traditional crimes in new ways.'<sup>7</sup> When questioned by the committee about the threat of cybercrime, Mr Paul Jevtovic, Acting CEO noted that:

...the cyber environment has a very important, global and legitimate social role, and unfortunately it too has not been immune to penetration by organised crime. If I can give a very simple example: where once a criminal would have to be...involved person to person to commit a crime, these days we can have organised crime groups in Third World countries impacting thousands of Australian citizens with the press of a button. That is a significant challenge for us in the context that you cannot shut this sector down, because the sector does so much good.

---

5 *Australian Crime Commission Act 2002*, ss 61(2).

6 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, 24 June 2013, [www.dpmc.gov.au/guidelines/](http://www.dpmc.gov.au/guidelines/) (accessed 13 June 2014).

7 ACC, *Annual Report 2012-13*, p. 20.

---

So how do we work with the sector to better harden the internet environment against penetration by organised crime?...The ACC's focus has been on understanding some of the technical areas of cybercrime and how we might be able to take the fight up to organised crime in a technical context.<sup>8</sup>

2.6 In the annual report, the ACC comments on the establishment of the Australian Cyber Security Centre (the Centre) in January 2013. The Centre spearheads the government's response to cyber threats, analyses the nature and extent of threats and provides protection for valuable networks and systems. The ACC is one of several agencies involved in the Centre.<sup>9</sup>

### ***Illicit drugs***

2.7 In 2012-13 the ACC continued its focus on the illicit drug market, which remains a key source of profit for serious and organised crime, and is still the main activity of organised crime in Australia. Serious and organised crime entities 'have a significant influence over Australia's illicit commodity markets and are present in all Australian states and territories.'<sup>10</sup> Most of the groups operate in two or more jurisdictions as well as transnationally, while many have also established a presence within legitimate business sectors to facilitate their criminal activity.<sup>11</sup> The annual report notes the serious impact of illicit drug use on the country's health infrastructure and its social cost, which is estimated at \$8 billion a year.<sup>12</sup>

### **Collaborative approach**

2.8 The annual report explains that the ACC reduces serious and organised crime threats by collaborating with 'law enforcement and related government agencies and private industry as part of the national effort against serious and organised crime.'<sup>13</sup> The ACC's single outcome is to achieve a:

Reduction in the threat and impact of serious and organised crime, through analysis of and operations against national criminal activity, for governments, law enforcement agencies and private sector organisations.<sup>14</sup>

2.9 In order to achieve this outcome, the ACC improves national collaborations against organised crime through seven mechanisms:

- national criminal intelligence data holdings;
- coercive powers;

---

8 Mr Paul Jevtovic, Acting CEO, ACC, *Committee Hansard*, 5 March 2014, p. 3.

9 ACC, *Annual Report 2012-13*, p. 20.

10 ACC, *Annual Report 2012-13*, p. 66.

11 ACC, *Annual Report 2012-13*, p. 66.

12 ACC, *Annual Report 2012-13*, p. 90.

13 ACC, *Annual Report 2012-13*, p. 32.

14 ACC, *Annual Report 2012-13*, p. 32.

- the Fusion Capability;
- strategic products;
- national target management framework;
- legislative framework allowing data sharing; and
- specialist skills.<sup>15</sup>

### **ACC priorities in 2012-13**

2.10 There were nine priorities for the ACC over the review period. These included:

- highest risk criminal targets;
- targeting criminal wealth;
- establishing criminal networks—Victoria;
- high risk crime groups—South Australia;
- high risk and emerging drugs;
- national security impacts from serious and organised crime;
- making Australia hostile to serious and organised crime;
- indigenous violence and child abuse; and
- child sex offences.<sup>16</sup>

### **Developments and key achievements**

#### ***Contributing to law reform***

2.11 The ACC contributed to law reform and policy initiatives during the reporting period by using the findings of its investigations and the vulnerabilities identified in the sea-cargo supply chain. The ACC contributed to the amendments in the *Customs and AusCheck Legislation Amendment (Organised Crime and Other Measures) Act 2013*. Regarding the legislation, the ACC noted:

This Act amends the *Customs Act 1901* and the *AusCheck Act 2007* to reduce vulnerabilities at Australia's borders. It is the latest in a package of measures to deter and prevent infiltration by serious and organised crime into Australia's seaports, airports and cargo supply chain.<sup>17</sup>

#### ***Task forces***

2.12 During the committee's examination of the annual report, Mr Jevtovic highlighted the important work that task forces have undertaken over the review period. For example, the Eligo National Task Force was established in December

---

15 ACC, *Annual Report 2012-13*, p. 12.

16 ACC, *Annual Report 2012-13*, p. 24.

17 ACC, *Annual Report 2012-13*, p. 99.

2012 to reduce money laundering risks 'inherent in the alternate remitters services sector.'<sup>18</sup> During the reporting period the task force disrupted global money laundering and drug networks, seizing drugs with an estimated street value of approximately \$500 million, and secured cash in the order of \$18 million. Further, the task force promoted professionalism in the alternative remitters services sector to make it more resilient to organised crime.<sup>19</sup> This sector was targeted as it consists of a 'cash intensive sector [that] transfers money from within and between countries, often outside formal financial and banking systems.'<sup>20</sup>

2.13 Mr Jevtovic also drew the committee's attention to the ACC's work in Task Force Galilee, established to target investment fraud, which prevented fraud of \$113 million against Australian citizens through a national coordination of partner agencies.<sup>21</sup>

2.14 Other key ACC achievements for 2012-13 include:

- 332 charges against 185 people;
- \$674.26 million estimated street value of drugs confiscated;
- \$83.87 million in proceeds of crime restrained;
- the disruption of organised crime operations through information sharing regarding investment fraud, carbon trading, aviation and maritime security, and drugs in sport; and
- the establishment of a single Australian Criminal Intelligence Model that helped to address challenges in intelligence collection and sharing.<sup>22</sup>

### **Financial management and resourcing**

2.15 On 30 June 2013, the ACC comprised 584 staff in nine offices around the country.<sup>23</sup> By comparison, as at June 2012, the ACC had a total of 598 staff.<sup>24</sup>

2.16 The ACC' financial statement received an unqualified audit opinion from the ANAO.<sup>25</sup>

2.17 In terms of financial management, ACC's financial result for 2012-13 was a deficit of \$4.798 million.<sup>26</sup> The annual report notes that:

---

18 Mr Paul Jevtovic, Acting CEO ACC, *Committee Hansard*, 5 March 2014, p. 2.

19 Mr Paul Jevtovic, Acting CEO ACC, *Committee Hansard*, 5 March 2014, p. 2.

20 ACC, *Annual Report 2012-13*, p. 77.

21 Mr Paul Jevtovic, Acting CEO ACC, *Committee Hansard*, 5 March 2014, p. 2.

22 ACC, *Annual Report 2012-13*, p. 17.

23 ACC, *Annual Report 2012-13*, p. 11.

24 ACC, *Annual Report 2011-12*, p. 20.

25 ACC, *Annual Report 2012-13*, pp 202–203.

26 ACC, *Annual Report 2012-13*, p. 17.

Apart from unfunded depreciation of \$7.942 million, the ACC reported result was a surplus of \$3.144 million. This reflects \$1.018 million capital funding received from portfolio agencies for capital investment and assets received free of charge, together with a \$2.126 million operating surplus.<sup>27</sup>

2.18 The ACC's total appropriation for 2012-13 was \$88.635 million which included tied funding of \$10.189 million and base funding of \$78.446 million.<sup>28</sup>

### **Security breaches**

2.19 In its previous report, the committee noted that in 2011-12 the ACC had 98 security incidents over the period 1 January to 31 December 2012.<sup>29</sup> The committee also acknowledged the initiatives that had been undertaken by the ACC to develop a self-reporting culture and improve security awareness, and noted that security breaches should start to decline.

2.20 During its examination of the ACC, the committee asked about the number of security breaches. Mr Jevtovic stated that the ACC is highly self-aware and self-focused on security issues and sets a high standard around security matters, due to the ACC being the national custodian for criminal intelligence. Mr Jevtovic explained:

During that period, the former CEO, John Lawler, was extremely focused on education around security awareness. That automatically translated into...a greater detection rate for security breaches. I would say to you that that has already adjusted itself and that the number of security breaches in this next period, for example, will be significantly less.<sup>30</sup>

2.21 The committee will continue to monitor ACC security breaches in the next reporting period, and the effectiveness of measures in place to raise security awareness.

---

27 ACC, *Annual Report 2012-13*, p. 17.

28 ACC, *Annual Report 2012-13*, p. 195.

29 Parliamentary Joint Committee on Law Enforcement, *Examination of the Australian Crime Commission Annual Report 2011-12*, May 2013, p. 8.

30 Mr Paul Jevtovic, Acting CEO ACC, *Committee Hansard*, 5 March 2014, p. 4.