

## Chapter 4

### Australian Crime Commission activities 2012-13

4.1 This chapter provides an overview of the ACC's programs and respective activities over the 2012-13 period of review.

#### Program 1.1.1 Strategic Intelligence Services

4.2 Deliverables in relation to the ACC's Strategic Criminal Intelligence Services program include the provision of:

- an annual assessment of National Criminal Intelligence Priorities (NCIPs) for ACC board endorsement;
- intelligence-sharing mechanisms including the Fusion Capability;
- intelligence products to law enforcement agencies containing analysis of organised crime trends, methodologies and significant targets and emerging issues;
- a biennial Organised Crime Threat Assessment which underpins the Commonwealth and National Organised Crime Response Plans; and
- strategic intelligence reports.<sup>1</sup>

#### *Efforts to improve criminal intelligence*

4.3 During the review period, the ACC revised its target risk assessment methodology (TRAM 2) after consultations with stakeholder agencies. The new methodology was incorporated into the National Target System (NTS) and provides a framework for updating National Criminal Target List records. The annual report states that the NTS 'applies 18 threat variables such as violence, involvement in money laundering and access to financial resources.'<sup>2</sup> TRAM 2 aids the ACC and other agencies to evaluate and prioritise serious and organised crime groups.

4.4 In addition to providing TRAM 2 training to law enforcement agencies in Australian states and territories, training was also provided to the New Zealand Police in Wellington by request, facilitating the addition of New Zealand records to the National Target System.<sup>3</sup>

4.5 The ACC developed a new summary product, the *Products Brief*, to heighten awareness and raise the visibility of the ACC's range of analytical products. These briefs have been well received by partner agencies, as they capture all ACC analytical products: 'the brief gives detailed information on each product, including which NCIP

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1 ACC, *Annual Report 2012-13*, p. 59.

2 ACC, *Annual Report 2012-13*, p. 54.

3 ACC, *Annual Report 2012-13*, p. 54.

it addresses.' If it is relevant, the brief also includes whether a report contains sensitive or restricted information.<sup>4</sup>

4.6 The ACC also noted that it finalised the Australian Criminal Intelligence Model, following two years of development work, negotiation and agreement by intelligence experts from 17 Commonwealth, state and territory agencies. The agreement assists the flow of criminal intelligence across three major areas: policing and community safety; serious and organised crime; and national security. The ACC notes that this is 'a significant step towards treating criminal intelligence as a national asset—something that is collected once and used often for the benefit of many.'<sup>5</sup>

### ***Key criminal intelligence publications***

4.7 The flagship ACC criminal intelligence publications which are highlighted in the annual report include:

- *National Criminal Target Report 2013* which details the risk posed by known organised crime groups operating in Australia. The report complements the National Criminal Target List which identifies organised crime risks. The report provides details on changes in risk, target numbers, market involvement, geographic location and key implications for the future.<sup>6</sup>
- *Illicit Drug Data Report 2011-12* which was launched in May 2013. It details the extent of the illicit drug market in Australia. In 2011-12, there were 76 083 national illicit drug seizures weighing a record of 23.8 tonnes—the highest number of seizures reported in the last decade. This included a single seizure of 11 tonnes of hypophosphorous acid, which is used in the production of methylamphetamine, that accounted for 56.8 per cent of the total weight of illicit drugs seized nationally. This large seizure meant this was only the second time that cannabis had not accounted for the greatest proportion of the weight of national seizures.<sup>7</sup> Other notable statistics in the report include:
  - 93 148 people were arrested for illicit drug offences in 2011-12, the highest number of arrests reported in the last decade; and
  - a record number of 809 clandestine laboratories were detected in Australia in 2011-12.<sup>8</sup>
- *Organised Crime 2020* report which forecasts likely trends in the organised crime environment by assessing emerging issues drawn from Australian and international law enforcement and other intelligence resources.<sup>9</sup>

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4 ACC, *Annual Report 2012-13*, p. 55.

5 ACC, *Annual Report 2012-13*, pp 55–56.

6 ACC, *Annual Report 2012-13*, p. 41.

7 ACC, *Annual Report 2012-13*, p. 41.

8 ACC, *Annual Report 2012-13*, p. 42.

9 ACC, *Annual Report 2012-13*, p. 42.

- *Organised Crime in Australia 2013* report which is an unclassified version of the Organised Crime Threat Assessment.<sup>10</sup>

### ***Strategic assessments and policy support***

4.8 During the review period, the ACC produced 12 strategic assessments covering topics such as drugs in sport, public sector corruption, environmental crime and transnational organised crime in East Asia and the Pacific.<sup>11</sup>

### **Program 1.1.2—Investigations and intelligence operations into federally relevant criminal activity**

4.9 The three components of ACC investigations and operations program are:

- special investigations;
- special operations; and
- national database and analytical tools.<sup>12</sup>

4.10 During the review period, the ACC worked on four special investigations and five special operations.<sup>13</sup>

4.11 Through its special investigations and special operations, the ACC helped to:

- disrupt a total of 26 criminal targets;
- stop \$589.52 million worth of drugs from reaching Australian streets;
- restrain \$83.87 million in proceeds of crime;
- seize \$16.34 million in cash; and
- charge 185 people and convict 38 people.<sup>14</sup>

4.12 The deliverables in relation to Program 1.1.2 include:

- collaborating with law enforcement and related Commonwealth, state and territory government agencies on special investigations and intelligence operations into the extent, impact and threat of criminal activity;
- in addition to collecting criminal intelligence, special investigations aim to disrupt and deter criminal activity through arrests and seizures;
- the use of coercive powers to enable collection of information that may not otherwise be available to law enforcement; and
- providing a national criminal intelligence database and analytical tools to facilitate sharing and analysis of criminal intelligence across jurisdictions.<sup>15</sup>

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10 ACC, *Annual Report 2012-13*, p. 40.

11 ACC, *Annual Report 2012-13*, pp 44–46.

12 ACC, *Annual Report 2012-13*, pp 65, 89 and 108.

13 ACC, *Annual Report 2012-13*, pp 65 and 89.

14 ACC, *Annual Report 2012-13*, p. 115.

### ***Special investigations***

4.13 Special investigations are designed to disrupt and deter criminal groups by collecting evidence and intelligence about criminal activity. During the review period, the ACC worked on four special investigations designed to disrupt and deter criminal groups with a focus on high risk criminal targets, criminal wealth, established criminal networks in Victoria, and high risk crime groups in South Australia.<sup>16</sup> The following tables provide an overview of the aims, highlights and achievements in relation to each special investigation.

**Table 4.1—Aims, highlights and achievements 2012-13 of special investigations**

<b>1. Highest risk criminal targets</b>
<p>Aim: To maximise the impact against, and disruption to, targeted serious and organised crime entities representing the greatest risk and threat nationally, and build on the collective national expertise and knowledge to monitor changes to serious and organised crime in Australia and movement within criminal markets.</p> <p>Highlights and achievements:</p> <ul style="list-style-type: none"> <li>• provided partners with 1061 intelligence assessments, alerts, reports and briefs through 2602 disseminations to inform investigative opportunities and strategic decision making;</li> <li>• conducted 74 examinations including referrals to partner agencies and 150 notices to produce documents;</li> <li>• disrupted 11 high risk crime entities including three transnational syndicates involved in illicit drug offences of which two were also involved in money laundering and one was using commercial airline pilots to import drugs into Australia;</li> <li>• the special investigation into highest risk criminal targets contributed to the seizure of drugs and precursors with an estimated street value of \$111 million;</li> <li>• seizure of more than \$4.07 million in cash;</li> <li>• recovery of \$1.7 million in unpaid taxes;</li> <li>• recovery of 29 illicit firearms and ammunition; and</li> <li>• 241 charges laid against 139 individuals and the conviction of 28 individuals.<sup>17</sup></li> </ul> <p>Projects within this special investigation, including a number of multi-agency investigations, have disrupted drug manufacture and trafficking, and led to the seizure of drugs and arrests.<sup>18</sup></p> <p>This special investigation is expected to run to 30 June 2014.<sup>19</sup></p>

15 ACC, *Annual Report 2012-13*, p. 112.

16 ACC, *Annual Report 2012-13*, p. 65.

17 ACC, *Annual Report 2012-13*, pp 65–66.

18 The projects and related initiatives under this special investigation are detailed on pages 66 to 74 of the annual report.

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

## 2. Targeting criminal wealth

Aim: Work in partnership with stakeholders to reduce the impact of serious and organised crime on the Australian community by detecting, disrupting and preventing activities through which criminal wealth is acquired, accumulated, concealed or transferred.<sup>20</sup>

Highlights and achievements:

- conducted 47 examinations and issued 310 notices to produce documents resulting in the ACC producing 366 intelligence assessments, alerts and briefs provided to partners through 847 disseminations;
- disruption of 14 high risk crime entities including organised crime groups involved in drug trafficking and using Australia's alternative remittance sector to launder money, and a Bangkok-based investment fraud operation targeting Australia;
- ACC work contributed/led to seizure of drugs with an estimated value of \$477 million and of \$12.26 million in cash. It also contributed to the laying of 86 charges against 44 people and the conviction of seven individuals; and
- Task Force Eligo, established in 13 December 2012 in response to concerns about the use of alternative money remittance sector and other systems for money laundering, falls under this special investigation.<sup>21</sup>

This special investigation is due to run to 30 June 2014.<sup>22</sup>

## 3. Established criminal networks—Victoria

Aim: To work in partnership with Victoria Police to enhance knowledge and understanding of the nature, extent, and methodologies of high risk criminal groups and their impact on the Victorian and national community. Through this work, the ACC also aims to reduce the threat posed by the highest risk criminal groups operating in or impacting on Victoria.

Highlights and achievements:

- conducted seven examinations and produced six intelligence products which were provided to partner agencies through six disseminations; and
- coercive powers used to gather intelligence about the involvement of criminal networks in the evolving synthetic drugs market, processes used to launder proceeds of crime, and links to corruption.<sup>23</sup>

This special investigation is due to run to 30 June 2014.<sup>24</sup>

20 The special investigation has an additional aim to reduce the risk of criminal enterprises exploiting vulnerabilities, and to enhance national understanding of money laundering, nationally significant organised tax fraud and related financially motivated crimes. ACC, *Annual Report 2012-13*, p. 75.

21 ACC, *Annual Report 2012-13*, pp 76–77.

22 ACC, *Annual Report 2012-13*, p. 75.

23 ACC, *Annual Report 2012-13*, p. 84.

24 ACC, *Annual Report 2012-13*, p. 84.

#### 4. High risk crime groups—South Australia

Aim: Working in partnership with South Australian Police to enhance understanding of the nature, extent, and methodologies of high risk criminal groups and their impact on South Australia and the broader Australian community. Through this work, the ACC also aims to reduce the threat posed by the highest risk crime groups operating in or impacting on South Australia.

Highlights and achievements:

- conducted two examinations and produced eight intelligence products which were provided to partners through eight disseminations; and
- through this special investigation and use of coercive powers, intelligence was gained on suspected firearms and offences involving violence by serious and organised crime groups in South Australia, including the involvement of outlaw motorcycle gang members.<sup>25</sup>

This special investigation is due to run through to 30 June 2014.<sup>26</sup>

#### *Special operations*

4.14 Special operations are focused on gathering intelligence around particular criminal activity so decisions are informed by the extent, impact and threat of that activity. During the review period, the ACC worked on five special operations, the aims and highlights of which are summarised below.

**Table 4.2—Aims, highlights and achievements 2012-13 of special operations**

##### 1. High risk and emerging drugs

Aim: Working with partners to generate and share intelligence on illicit drug markets in Australia to develop a more detailed understanding of the size, profitability, trajectory and drivers of the markets; proactively monitor and report on new processes and methodologies; identify and report on the higher risk crime networks operating in the domestic illicit drug markets; and assist with the disruption of high risk criminal networks and illicit drug markets.<sup>27</sup>

Highlights and achievements:

- conducted 38 examinations that concerned importations, high-level domestic production of illicit drugs or attempts to exploit systemic vulnerabilities by organised crime groups to establish or increase their market share; and
- production of 163 intelligence products which were provided to partners through 490 disseminations.<sup>28</sup>

The ACC Board approved this special operation to run through to 30 June 2014. The

25 ACC, *Annual Report 2012-13*, p. 87.

26 ACC, *Annual Report 2012-13*, pp 87–88.

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

28 ACC, *Annual Report 2012-13*, p. 91.

overarching drug-related priorities identified in the Organised Threat Assessment are expected to guide the ACC's priorities under this special operation.<sup>29</sup>

## **2. National security impacts from serious and organised crime**

**Aim:** To provide support as needed through: access to ACC coercive powers; and investigations by law enforcement and national security agencies into matters related to national security impacts from serious and organised crime.<sup>30</sup>

**Highlights and achievements:**

- eight examinations conducted leading to the production of 49 intelligence products which were provided to partners through 142 disseminations;
- continue to use intelligence gathering and investigative powers to enhance understanding of people smuggling and any potential convergence between people smuggling syndicates and serious and organised crime; and
- the ACC is a member of Task Force Polaris which was established to conduct waterfront-related investigations and to contribute to a whole-of-government response to organised crime in the maritime port environment. Since its inception in 2010, the ACC noted that its work has already led to the arrest of 46 persons and over 196 charges being laid.<sup>31</sup> Further, \$1 million in cash was seized as well as 114 tonnes of tobacco, 92 million cigarettes, and seven firearms.<sup>32</sup>

## **3. Making Australia hostile to serious and organised crime**

**Aim:** To assist in making Australia's society, its institutions, industries and economy hostile to serious and organised crime, while developing an understanding of how contemporary criminal syndicates are evolving their methodologies to exploit or circumvent legislation and regulations.

**Highlights and achievements:**

- 12 examinations were conducted and 28 intelligence products were produced and provided to partners through 148 disseminations;
- use of coercive powers to develop intelligence to support the former Department of Sustainability, Environment, Water, Populations and Communities (now the Department of the Environment) investigation targeting an Australian-based syndicate suspected of involvement in international trafficking of endangered species;
- central themes of this special operation include identity crime and cybercrime. Within this thematic work, the ACC provides strategic and operational analytical assessments on emerging technologies and contemporary identity crime trends and methodologies; and
- enhanced the understanding of:
  - sophisticated identity crime syndicates;

<sup>29</sup> ACC, *Annual Report 2012-13*, p. 90.

<sup>30</sup> ACC, *Annual Report 2012-13*, p. 98.

<sup>31</sup> ACC, *Annual Report 2012-13*, p. 99.

<sup>32</sup> ACC, *Annual Report 2012-13*, p. 99.

- international wildlife trafficking; and
- vulnerabilities to money laundering exploitation within the second hand/high value antiques market.<sup>33</sup>

#### **4. National Indigenous Intelligence Task Force (Indigenous violence or child abuse no. 2)**

Aim: To collect and analyse information concerning violence and child abuse committed against Indigenous people and related criminal offending to produce reports and targeted intelligence that partner agencies can act on, support investigations, provide and instigate policy and law reform advice, and facilitate national intelligence collection and sharing.

Highlights and achievements:

- 23 field visits were undertaken, over 100 meetings were held and 26 examinations were conducted;
- 67 intelligence products including strategic assessments and intelligence briefs were produced and provided to partners through 198 disseminations;
- 72 tactical intelligence products were produced and disseminated 149 times to partner and non-partner agencies including five target packages which focus on criminality in Indigenous communities;<sup>34</sup> and
- continued support for the development of the Cross Border Family Violence (Information Sharing) Intelligence Unit to improve information sharing between agencies. In the reporting period the ACC helped develop the business model for the Intelligence Unit in conjunction with the Northern Territory Police, South Australian police, Western Australia Police, and the Ngaanyatjarra Pitjantjatjara Yankunytjatjara (NPY) Women's Council (non-government).<sup>35</sup>

#### **5. Child sex offences**

Aim: To support law enforcement agencies to develop intelligence and investigate child sex offences through the use of coercive powers.

Highlights and achievements:

- two coercive examinations were conducted with two intelligence products produced which were provided to partner agencies through two disseminations;
- the ACC signed a Joint Agency Agreement on 28 February 2013 with the AFP, Victoria Police and the ACBPS, concerning an operation focused on the risks that convicted, registered or suspected child sex offenders pose in committing child sex offences while travelling to Southeast Asia;<sup>36</sup> and

<sup>33</sup> ACC, *Annual Report 2012-13*, pp 101–102.

<sup>34</sup> ACC, *Annual Report 2012-13*, pp 103–104.

<sup>35</sup> ACC, *Annual Report 2012-13*, p. 104.

<sup>36</sup> ACC, *Annual Report 2012-13*, p. 106.



- continued to engage with the Australia New Zealand Policing Advisory Agency Child Protection Committee to assist with policy responses and advice to support an effective national response to the threat from child sex offenders.<sup>37</sup>

### ***National criminal intelligence database and analytic tools***

4.15 The national Australian Criminal Intelligence Database (ACID) serves as a repository for much of the intelligence that the ACC assembles itself, as well as the intelligence uploaded by its partners.

4.16 ACID enables more than 24 Commonwealth, state and territory law enforcement agencies and other regulatory authorities to securely 'share, collate and analyse criminal information and intelligence nationally'.<sup>38</sup>

4.17 A scoping study initiated in 2011 to consider how ACID should evolve into the future was due for completion beyond the review period in late 2013. The study is expected to identify the business requirements for a new criminal intelligence database to replace the existing database and tools.<sup>39</sup>

### ***Virtual Currency***

4.18 During the reporting period the ACC analysed the virtual currency market—including Bitcoin—to better understand its dimensions and susceptibility to criminal threat. Bitcoin is an internet-based currency that is legal in Australia but provides anonymity, which is highly attractive to criminal organisations. During the committee's examination of the ACC, Mr Jevtovic stated 'I suspect that virtual currencies and Bitcoin will be the victim of penetration by organised crime as well.'<sup>40</sup> As a virtual currency, Bitcoin is currently unregulated.<sup>41</sup>

4.19 The ACC has focused on gathering information to evaluate the degree of criminal exploitation of Bitcoin and ascertain whether there is a serious and organised crime threat aspect of Bitcoin. The annual report notes that:

The insights gained through our strategic assessment contributed to law enforcement efforts. In the first half of 2013...more than 20 people were arrested of importing drugs through 'DarkNet' internet sites...relying on the virtual currency for payment.<sup>42</sup>

4.20 The United States extended some anti-laundering rules to virtual currency in March 2013 and is contemplating regulating Bitcoin trading.<sup>43</sup>

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37 ACC, *Annual Report 2012-13*, p. 107.

38 ACC, *Annual Report 2012-13*, p. 109.

39 ACC, *Annual Report 2012-13*, p. 110.

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

41 ACC, *Annual Report 2012-13*, p. 82.

42 ACC, *Annual Report 2012-13*, p. 82.

43 ACC, *Annual Report 2012-13*, p. 82.

**Drugs in Sport**

4.21 The committee asked if the ACC could outline any continuing involvement it had in relation to its drugs in sport project (Project Aperio). Mr Jevtovic stated that the ACC's particular focus was on the allegations of serious and organised crime in sport:

We saw evidence of organised crime involvement, which concerned us. It was for that reason that we decided that it was important for the public to be made aware of the extent of that threat... Our work in this space is reflective of a growing concern in the course of that investigation as to the risks to a number of sporting codes in this country.<sup>44</sup>

4.22 The annual report noted that even though athletes who used prohibited substances can face substantial sporting bans, there was still extensive use of prohibited drugs by professional athletes. The annual report explained that 'Organised Crime is taking advantage of a legislative and regulatory vulnerability which means that people supplying certain prohibited substances are not committing a crime.'<sup>45</sup>

4.23 The ACC found that the use of performance enhancing substances was widespread in several professional sporting codes in Australia. It also found that organised crime identities and groups were involved in the domestic distribution of performance enhancing drugs. This raised significant integrity concerns within professional sports regarding the use of prohibited substances by athletes and the potential for athletes' increased association with criminal identities.<sup>46</sup>

**Committee view**

4.24 The committee acknowledges the important work that the ACC has undertaken over the review period and recognises the Commission's efforts in areas including joint taskforces such as the Eligo National Task Force, which has helped reduce money laundering risks in the alternative money remittance sector and other informal value exchange systems.

4.25 The committee also notes that the ACC is currently working on analysing the virtual currency market. Virtual currency poses unique difficulties while at the same time as providing new possibilities for organised crime such as a new option for money laundering. The committee believes this is an important area and commends the ACC on its work in this regard.

**Mr Bert van Manen MP**  
**Chair**

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

45 ACC, *Annual Report 2012-13*, p. 45.

46 ACC, *Annual Report 2012-13*, p. 93.