



# Parliamentary Joint Committee on Law Enforcement

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Examination of the Annual Report of the  
Australian Crime Commission 2012-13

September 2014



The Parliament of the Commonwealth of Australia

**PARLIAMENTARY JOINT COMMITTEE  
ON LAW ENFORCEMENT**

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Australian Crime Commission 2012-13**

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ISBN 978-1-76010-064-3

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## LIST OF ABBREVIATIONS

ACC	Australian Crime Commission
ACC Act	<i>Australian Crime Commission Act 2002</i>
ACID	Australian Criminal Intelligence Database
the Act	<i>Parliamentary Joint Committee on Law Enforcement Act 2010</i>
ALEIN	Australian Law Enforcement Intelligence Network
ANAO	Australian National Audit Office
annual report	Australian Crime Commission Annual Report 2012-13
CEO	Chief Executive Officer
the committee	Parliamentary Joint Committee on Law Enforcement
Finance	Department of Finance
FMA Act	<i>Financial Management and Accountability Act 1997</i>
the framework	Outcomes and Outputs Framework
KPIs	Key Performance Indicators
NCIPs	National Criminal Intelligence Priorities
NTS	National Targeting System
PBS	Portfolio Budget Statements
TRAM	Target Risk Assessment Methodology





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# Chapter 1

## Introduction

### Committee's duty to examine reports

1.1 The Parliamentary Joint Committee on Law Enforcement (the committee) has a statutory duty to examine each annual report of the Australian Crime Commission (ACC) under the *Parliamentary Joint Committee on Law Enforcement Act 2010* (the Act).

1.2 This is the fourth time that the committee has examined the annual report of the ACC since the widening of the committee's jurisdiction in 2010. Subsection 7(1) of the Act includes the following functions of the committee in relation to the ACC:

...(c) to examine each annual report on the ACC and report to the Parliament on any matter appearing in, or arising out of, any such annual report...<sup>1</sup>

### Report under consideration

1.3 The ACC's Annual Report 2012-13 (the annual report) was presented to the Minister for Justice, the Hon Michael Keenan MP, on 23 September 2013. It was tabled in the Senate on 12 November 2013 and in the House of Representatives on 13 November 2013.

### Examination of the annual report

1.4 In examining the ACC annual report, the committee held a public hearing at Parliament House, Canberra on 5 March 2014. The witnesses who appeared before the committee are listed in Appendix 1.

### Structure of the committee report

1.5 The committee's report comprises the following chapters:

- Chapter 2 examines ACC compliance with annual report requirements and trends in relation to serious and organised crime;
- Chapter 3 considers the methods that the ACC employs to measure its performance and provides recommendations on improvements in relation to the ACC's Key Performance Indicators (KPIs); and
- Chapter 4 details the services, activities and initiatives undertaken by the ACC under its programs.

### Acknowledgements

1.6 The committee acknowledges the work of Mr John Lawler AM APM, previous ACC Chief Executive Officer (CEO), who retired on 16 October 2013. The

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1 *Parliamentary Joint Committee on Law Enforcement Act 2010*, ss. 7(1).

committee thanks Mr Lawler for his contributions and insights, informed by his extensive experience in law enforcement agencies, provided throughout his tenure.

1.7 The committee also acknowledges the cooperation of the ACC Acting CEO, Mr Paul Jevtovic APM, and ACC officials who assisted the committee in conducting this examination.

**Note on references**

1.8 References to the committee *Hansard* are to the proof *Hansard*. Page numbers may vary between the proof and the official *Hansard*.

## 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>

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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.

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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.

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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;

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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

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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:

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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.

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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.

## Chapter 3

### Australian Crime Commission performance measurement

3.1 This chapter considers the ACC's performance against its Key Performance Indicators (KPIs). It examines the measurement tools utilised to inform the KPIs and to track performance over time.

#### Key Performance Indicators

3.2 The Outcomes and Outputs Framework (the framework) provides the basis for the government's approach to budgeting and reporting for public sector agencies and the means by which the Parliament appropriates funds in the annual budget context.<sup>1</sup> In 2010, the Joint Committee on Public Accounts and Audit observed that measuring key aspects of an agency's performance is a critical part of the Government's Outcomes Framework.<sup>2</sup> Within the context of the framework, KPIs are 'established to provide information (either qualitative or quantitative) on the effectiveness of programs in achieving objectives in support of respective outcomes'.<sup>3</sup>

3.3 The Department of Finance (Finance) has provided the following guidance for agencies in developing KPIs:

Agencies should focus on reporting a strategic and meaningful level of performance indicators, demonstrating the link between the program performance indicators and the outcome.<sup>4</sup>

3.4 Agencies are required to provide a relevant, informative and useful range of performance indicators that can be tracked over time. In advice to entities on developing KPIs, Finance recommended that agencies use both qualitative and quantitative information to measure program performance and provided the following definitions:

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- 1 Australian National Audit Office, Audit Report No. 23 2006-07, *Application of the Outcomes and Outputs Framework*, 2007, p. 15.
  - 2 Joint Committee of Public Accounts and Audit, *Inquiry into the Auditor-General Act 1997*, Report 419, December 2010, p. 20, [www.aph.gov.au/Parliamentary\\_Business/Committees/House\\_of\\_Representatives\\_Committees?url=jcpaa/agact/report.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=jcpaa/agact/report.htm) (accessed 13 June 2013).
  - 3 Australian National Audit Office, Audit Report No. 5 2011-12, *Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework*, September 2011, p. 9, [www.anao.gov.au/Publications/Audit-Reports/2011-2012/Development-and-Implementation-of-KPIs-to-Support-the-Outcomes-and-Programs-Framework](http://www.anao.gov.au/Publications/Audit-Reports/2011-2012/Development-and-Implementation-of-KPIs-to-Support-the-Outcomes-and-Programs-Framework) (accessed 13 June 2013).
  - 4 Department of Finance, Guidance for the Preparation of the 2012-13 Portfolio Budget Statements, March 2012, p. 38, [www.finance.gov.au/budget/budget-process/portfolio-budget-statements.html](http://www.finance.gov.au/budget/budget-process/portfolio-budget-statements.html) (accessed 19 March 2014).

Quantitative: This type of reporting is represented by numbers or percentages in a table.

Qualitative: This type of reporting is represented by narrative text. Agencies should identify aspirational goals or milestones that are intended to be achieved by the program.<sup>5</sup>

3.5 Finance noted that KPIs must be designed to be 'capable of signalling to government, Parliament and the community whether programs are delivering intended results'.<sup>6</sup> Further, consistent, clear reporting on performance provides an important record of an agency's 'progress towards meeting government policy objectives, how well public money is being spent and whether planned achievements are on track'.<sup>7</sup>

3.6 A performance audit report from the Australian National Audit Office (ANAO) titled *Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework* emphasised the importance of an 'appropriate mix of qualitative and quantitative KPIs including targets against which progress towards program objectives could be assessed'.<sup>8</sup> The ANAO noted that a tendency to rely on qualitative KPIs reduces the ability of an agency to measure the results of program activities over time. Whereas:

A mix of effectiveness KPIs, that place greater emphasis on quantitative KPIs and targets, would provide a more measurable basis for performance assessment.<sup>9</sup>

3.7 The ANAO argued that because KPIs are statements of the pre-defined and expected impacts of a program, it is important that they are:

- specific—so as to focus on those results that can be attributed to the particular intervention/program;
- measurable—include quantifiable units or targets that can be readily compared over time;
- achievable—realistic when compared with baseline performance and the resources to be made available;
- relevant—embody a direct link between the program's objective and the respective effectiveness KPI; and

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5 Department of Finance, Performance Information and Indications, October 2010, p. 7, [www.finance.gov.au/financial-framework/financial-management-policy-guidance/performance-information-and-indicators.html](http://www.finance.gov.au/financial-framework/financial-management-policy-guidance/performance-information-and-indicators.html) (accessed 19 March 2014).

6 Department of Finance, *Performance Information and Indications*, October 2010, p. 2.

7 Department of Finance, *Performance Information and Indications*, October 2010, p. 1.

8 Australian National Audit Office, Audit Report No. 5 2011-12, *Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework*, September 2011, p. 53.

9 Australian National Audit Office, Audit Report No. 5 2011-12, *Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework*, September 2011, p. 53.

- timed—include specific timeframes for completion.<sup>10</sup>

### **ACC's outcome and program structure**

3.8 The ACC's outcome and program structure are set out in its annual report:

#### **Outcome 1**

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.

#### **Outcome strategy**

Collaborate with law enforcement and related government agencies and private industry as part of the national effort against serious and organised crime.<sup>11</sup>

3.9 The ACC's single outcome is underpinned by two programs:

- Program 1.1.1—Strategic criminal intelligence services, the performance of which is measured by two KPIs; and
- Program 1.1.2—Investigations and intelligence operations into federally relevant criminal activity, which are measured by six KPIs.<sup>12</sup>

#### ***Program 1.1.1***

3.10 Program 1.1.1 has a set of deliverables to meet the overall aim that:

The ACC's criminal intelligence services are designed to provide Commonwealth, state and territory law enforcement and relevant government agencies with the criminal intelligence necessary to effectively and efficiently disrupt serious and organised criminal activity and reduce the vulnerabilities posed to the Australian community.<sup>13</sup>

3.11 The following table lists Program 1.1.1's KPIs, their targets and results for 2012-13.

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10 Australian National Audit Office, Audit Report No. 5 2011-12, *Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework*, September 2011, pp 15–16.

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

12 ACC, *Annual Report 2012-13*, pp 59; 112.

13 ACC, *Annual Report 2012-13*, p. 261.

**Program 1.1.1—ACC KPIs and performance 2012-13<sup>14</sup>**

KPI	2012-13 target	2012-13 result
1. Strategic intelligence products align with ACC Board endorsed National Criminal Intelligence Priorities.	90%	100%
2. Partner agencies agree or strongly that the ACC's intelligence enhances their understanding of serious and organised crime.	90%	90% of senior executives of partner agencies agree/strongly agree

3.12 In relation to the first KPI, the annual report noted that a combined 1866 analytical and tactical intelligence products were produced during 2012-13. Of these products, 100 per cent align with the National Criminal Intelligence Priorities (NCIPs), including all 16 of the ACC strategic products in the *Picture of Criminality in Australia* suite.<sup>15</sup>

3.13 The second KPI is measured by stakeholder feedback and the explanatory note in relation to it states that:

Each partner agency has its own role and priorities, and each has different needs for and uses of criminal intelligence. We continue to work with our stakeholders to deepen our understanding of their needs and improve the value of our intelligence from their perspective.<sup>16</sup>

**Program 1.1.2**

3.14 The overall aim of program 1.1.2 is as follows:

The ACC's investigations and intelligence operations underpin its criminal intelligence services by providing unique intelligence collection capabilities. ACC investigations are conducted in partnership with law enforcement agencies with the objective of disrupting and deterring federally relevant serious and organised criminal activity. In 2012-13, the ACC, under the guidance of its Board, will further focus its coercive powers determinations to more comprehensively address emerging issues in the organised crime environment.<sup>17</sup>

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14 ACC, *Annual Report 2012-13*, p. 60.

15 ACC, *Annual Report 2012-13*, p. 61.

16 ACC, *Annual Report 2012-13*, p. 61.

17 ACC, *Annual Report 2012-13*, p. 261.

**Program 1.1.2—ACC KPIs and performance 2012-13<sup>18</sup>**

<b>KPIs</b>	<b>2012-13 result</b>
1. Partner agencies agree, or strongly agree, that the ACC's contribution enhances efforts to combat serious and organised crime.	100% of managers and senior executives agree (target was 80%)
2. Partner agencies agree, or strongly agree, that the ACC's coercive powers are effective.	80% (target was 90%)
3. Targeted ACC investigations and operations are aligned with ACC Board priorities and approved by the ACC Board.	100% of senior executives of partner agencies agree/strongly agree
4. The ACC's operational intelligence and contribution to joint intelligence investigations and operations enhance the efficiency and/or effectiveness of law enforcement efforts to disrupt and deter serious and organised crime, as measured by stakeholder feedback.	100% of senior executives of partner agencies agree/strongly agree
5. The activities of targeted criminal entities are disrupted as a result of ACC intelligence, investigations and operations, and activity is undertaken to confiscate proceeds of crime.	26 disruptions 185 people charged 332 charges laid 38 people convicted \$83.87 million proceeds of crime restrained \$26.02 million proceeds of crime forfeited \$159.98 million tax assessments issued 34 firearms seized \$16.34 million in cash seized \$589.52 million estimated street value of drugs seized \$84.74 million value of the illicit drug production potential of precursors seized. <sup>19</sup>
6. Availability of the Australian Criminal Intelligence Database and the Australian Law Enforcement Intelligence Network.	>99% (target was 98%)

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

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

3.15 The availability of ACID and ALEIN achieved greater than 99 per cent in 2012-13 and 2011-12. In 2012-13, there were 1 302 439 searches on ACID compared to 331 664 in 2011-12, a fourfold increase.<sup>20</sup> The ACC noted that this was 'due primarily to increased multiple-entity searches by the ACC-led National Criminal Intelligence Fusion Capability'.<sup>21</sup>

3.16 The committee notes that the government has responded to the recommendation made in its last report<sup>22</sup> that the ACC review and re-examine its KPI concerning the ACID and the ALIEN. In response, the government stated that it accepts the recommendation and that the ACC is currently undertaking a scoping study to determine a replacement system for ACID and to improve ALEIN. In addition, the ACC has provided a new KPI for ACID and ALEIN. The performance of ACID and ALEIN will now be measured against 'provision of a national criminal intelligence database and analytical tools, which facilitate the sharing and analysis of criminal intelligence across jurisdictions'.<sup>23</sup>

3.17 The committee will carefully examine the ACC's 2013-14 Annual Report with a view to determining the extent to which the change in KPI has resulted in improved performance information.

### **Challenges in measuring ACC performance**

3.18 The annual report highlights some of the complexities in measuring ACC results. It notes that most of the work undertaken by the ACC is classified, or has long-term results often being realised years after the ACC's initial involvement, and once—court decisions, law reforms and changes in community behaviour have concluded or been implemented.<sup>24</sup>

3.19 During its examination, the committee asked the ACC to comment on the difficulties surrounding the measurement of the performance of the ACC, as much of the work undertaken by the ACC is utilised by other agencies. Mr Jevtovic stated that the ACC is eager to demonstrate the worth of investment in the organisation for crime fighting, but that it is difficult to monitor how much of the information is used:

...we might produce 2500 information reports, which we disseminate to Australian law enforcement over the country. Once we disseminate that

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

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

22 Joint Parliamentary Committee on Law Enforcement, *Examination of the Australian Crime Commission Annual Report 2011-12*, September 2013, p. 16.

23 *Government Response to the Parliamentary Joint Committee on Law Enforcement report: Examination of the Annual Report of the Australian Crime Commission 2011-12*, March 2014, p. 1, [www.aph.gov.au/~media/Committees/Senate/committee/le\\_ctte/annual/2013/ACC/gov\\_response/gov\\_response.pdf](http://www.aph.gov.au/~media/Committees/Senate/committee/le_ctte/annual/2013/ACC/gov_response/gov_response.pdf) (accessed 31 July 2014).

24 ACC, *Annual Report 2012-13*, p. 5.



information, there is no technical solution to monitoring which component of our 2500 products has actually been accessed or used if the people using it do not tell us...that is the reality and we accept that.<sup>25</sup>

3.20 However, the level of reporting by the ACC was improved through changes made to the ACC's Performance Measurement framework, as recommended by the committee in its last report.<sup>26</sup> This involved adapting the framework to:

- more accurately reflect both quantitative and qualitative results—capturing short-term and long-term, direct and indirect impacts of activities; and
- measure the performance against the new Strategic Plan 2013–18, which highlights the evolution of serious and organised crime and the need to continually adapt and develop the right capabilities to respond.<sup>27</sup>

3.21 The annual report notes that these changes have had a positive outcome on performance:

Our revised indicators enable us to better self-assess our performance, to complement feedback from our stakeholders which we intend to gather more regularly throughout each reporting year. This will enable us to report in new and different ways on the value we add to the national fight against serious and organised crime.<sup>28</sup>

3.22 The revised performance management framework will require the ACC to design new systems for collecting performance data, which will be implemented over the course of the five year Strategic Plan. The committee will examine the ACC's 2013-14 Annual Report with a view to determining the efficiency of the new systems for collecting and reporting on performance data over the course of the Strategic Plan.

### ***Stakeholder surveys***

3.23 The annual report notes that stakeholder relationships are critically important to the ACC's success in combating serious and organised crime. The ACC uses stakeholder surveys to help inform ACC reporting obligations. In 2012-13, the ACC revised its stakeholder research methodology. Rather than engaging market researchers to gather data through stakeholder survey forms, the ACC conducted its research in-house with a wider range of qualitative interviews. According to the ACC,

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25 Mr Paul Jevtovic, Acting CEO, ACC, *Committee Hansard*, 5 March 2014, pp 4–5.

26 Joint Parliamentary Committee on Law Enforcement, *Examination of the Australian Crime Commission Annual Report 2011-12*, September 2013, p. 22.

27 ACC, *Annual Report 2012-13*, p. 138. The ACC developed the Strategic Plan 2013–18 over the course of the reporting period. The report was developed following a comprehensive review of the sector as well as staff and stakeholder engagement (ACC, *Annual Report 2012-13*, p. 121). In the review by the Chief Executive Officer, it is noted that the 'new strategic plan and associated roadmap for the future include important steps to cement our collaborative approach and take it to the next level.' (ACC, *Annual Report 2012-13*, p. 22).

28 ACC, *Annual Report 2012-13*, p. 139.

the result provided 'more in-depth information for analysis, [and] a more focused indication of how [the ACC] performed', while reducing costs.<sup>29</sup>

### **Committee view**

3.24 The committee appreciates the complexities involved for the ACC in developing meaningful qualitative KPIs that can be measured over time. The committee also acknowledges that the nature of some of the ACC's work may not be directly quantifiable.

3.25 In its previous report the committee recommended that the ACC Annual Report 2012-13 should include information on progress made towards establishing a balance of quantitative and qualitative KPIs, which can be measured over time.<sup>30</sup> The committee notes that the government has accepted this recommendation,<sup>31</sup> and that the ACC has amended its key performance indicators for 2013-14 for both its Portfolio Budget Statement and its annual report.<sup>32</sup>

3.26 The new KPIs for outcome 1 include:

- the ACC produces useful intelligence that identifies and provides insights on new and emerging serious and organised crime threats.
- the ACC fills intelligence gaps through the identification of vulnerabilities and indicators of serious and organised crime.
- the ACC collects and maintains national intelligence holdings of serious and organised crime threats and targets.
- the ACC interprets and analyses national holdings to create a national serious and organised crime intelligence picture.
- the ACC informs and influences hardening of the environment against serious and organised crime;
- the ACC influences or enables the disruption, disabling or dismantling of serious and organised crime; and
- the ACC participates in or coordinates collaboration in joint investigations and operations to prevent and disrupt serious and organised crime.<sup>33</sup>

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

30 Joint Parliamentary Committee on Law Enforcement, *Examination of the Australian Crime Commission Annual Report 2011-12*, September 2013, p. 22.

31 *Government Response to the Parliamentary Joint Committee on Law Enforcement report: Examination of the Annual Report of the Australian Crime Commission 2011-12*, March 2014, p. 2, [www.aph.gov.au/~media/Committees/Senate/committee/le\\_ctte/annual/2013/ACC/gov\\_response/gov\\_response.pdf](http://www.aph.gov.au/~media/Committees/Senate/committee/le_ctte/annual/2013/ACC/gov_response/gov_response.pdf) (accessed 31 July 2014).

32 ACC, *Annual Report 2012-13*, p. 138.

33 Attorney-General's Department, *Portfolio Budget Statement 2013-14*, Australian Crime Commission, p. 87.

3.27 The committee notes these new KPIs and will closely examine the relevant information included in the ACC's 2013-14 annual report, to ensure that it provides a more measurable basis for performance assessment.



## 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.

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- *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

33 ACC, *Annual Report 2012-13*, pp 101–102.

34 ACC, *Annual Report 2012-13*, pp 103–104.

35 ACC, *Annual Report 2012-13*, p. 104.

36 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.

# **Appendix 1**

## **Witnesses who appeared before the Committee at the Public Hearing**

**Wednesday, 5 March 2014 – Canberra ACT**

### **Australian Crime Commission**

Mr Paul Jevtovic, Acting Chief Executive Officer

Mr Richard Grant, Acting Executive Director, Operations

Ms Judith Lind, Executive Director, Strategy and Specialist Capabilities

Mr Paul Williams, Executive Director, Corporate Services