



Parliamentary Joint Committee on Law Enforcement

Examination of the Australian Crime Commission
Annual Report of the 2013–14

June 2015

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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 |
| ACIF | Australian Criminal Intelligence Forum |
| the Act | <i>Parliamentary Joint Committee on Law Enforcement Act 2010</i> |
| AFP | Australian Federal Police |
| AGICC | Australian Gangs Intelligence Coordination Centre |
| ALEIN | Australian Law Enforcement Intelligence Network |
| ANAO | Australian National Audit Office |
| annual report | Australian Crime Commission Annual Report 2013-14 |
| 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 |
| JAGs | Joint Analyst Groups |
| KPIs | Key Performance Indicators |
| NCIPs | National Criminal Intelligence Priorities |
| NCIS | National Criminal Intelligence System |
| NTS | National Targeting System |
| PBS | Portfolio Budget Statements |
| PGPA Act | <i>Public Governance, Performance and Accountability Act 2013</i> |

| | |
|---------|--|
| PID Act | <i>Public Interest Disclosure Act 2013</i> |
| TRAM | Target Risk Assessment Methodology |

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...¹

Purpose

1.3 The duty of the committee to examine annual reports of the ACC under the Act stems from an expectation that agencies which have been granted strong coercive powers, like the ACC and Australian Federal Police (AFP) should be subject to additional oversight. At the time of the introduction of the Parliamentary Joint Committee on Law Enforcement Bill 2010, the then Attorney-General noted that the bill would exemplify the 'commitment to improving oversight and accountability in relation to the exercise of the functions of Commonwealth agencies.'²

Report under consideration

1.4 The ACC's Annual Report 2013-14 (the annual report) was presented to the Minister for Justice, the Hon Michael Keenan MP, on 12 September 2014. It was tabled in the Senate on 27 October 2014³ and in the House of Representatives on 26 November 2014.⁴

Examination of the annual report

1.5 In examining the ACC annual report, the committee held a public hearing at Parliament House, Canberra on 11 February 2015. The witnesses who appeared before the committee are listed in Appendix 1.

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

2 *House of Representatives Hansard*, 18 March 2010, p. 2925.

3 *Journals of the Senate*, No. 60—27 October 2014, p. 1604.

4 *Votes and Proceedings*, No. 86—26 November 2014, p. 1005.

Structure of the committee report

1.6 The committee's report comprises the following chapters:

- Chapter 2 examines ACC compliance with annual report requirements and the ACC's financial management;
- Chapter 3 considers the ACC's performance against its Key Performance Indicators (KPIs); and
- Chapter 4 details issues raised with the ACC in the hearing, as well as major operational information of interest to the committee over the reporting period.

Acknowledgements

1.7 The committee notes that this is the first annual report provided by the ACC's new CEO, Mr Chris Dawson, who commenced his role as CEO on 28 April 2014.⁵

1.8 The committee thanks the previous CEO, Mr John Lawler, for his contributions and insights provided throughout his tenure as CEO of the Crime Commission.⁶

1.9 The committee acknowledges the work of Mr Paul Jevtovic, who was acting CEO of the ACC from mid October 2013 to early April 2014.⁷

1.10 The committee also acknowledges the cooperation of the ACC officials who assisted the committee in conducting its examination.

Note on references

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

5 Media release, *New era for the Australian Crime Commission*, <http://www.ministerjustice.gov.au/Mediareleases/Pages/2014/Second%20Quarter/23April2014NewerafortheAustralianCrimeCommission.aspx> (accessed 7 May 2015)

6 ACC, *Annual Report 2013-14*, p. 102.

7 ACC, *Annual Report 2013-14*, p. 106.

Chapter 2

Australian Crime Commission Annual Report 2013-14

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.¹

2.2 It is the only agency 'solely dedicated to combating serious and organised crime of national significance.'²

2.3 The ACC works with partners across law enforcement, national security, government and industry and provides Australia with, 'the ability to discover, understand and respond to federally relevant serious and organised crime.'³

Annual report compliance

2.4 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;⁴

1 ACC, *About the Australian Crime Commission*, www.crimecommission.gov.au/about-us/legislation (accessed 13 March 2015).

2 ACC, *Annual Report 2013-14*, p. 8.

3 ACC, *Annual Report 2013-14*, p. 8.

- 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.⁵

2.5 The annual report notes that this is the last annual report of the ACC to be produced pursuant to requirements set out in the *Financial Management and Accountability Act 1997* (FMA Act), due to the passage of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).⁶

2.6 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.⁷

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

2.8 With respect to the PGPA Act, the annual report provides commentary in relation to the new obligations:

There are new expectations set out in the PGPA Act that relate to the way agencies conduct planning. In the coming year we will be working toward compliance with the requirements and making any necessary alterations to our planning framework.⁸

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.

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

6 ACC, *Annual Report 2013-14*, p. 102.

7 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, http://www.dpmc.gov.au/sites/default/files/publications/Requirements_for_Annual_Reports.pdf (accessed 7 May 2015)

8 ACC, *Annual Report 2013-14*, p. 118.

ACC priorities in 2013-14

2.9 The annual report notes that there were numerous priorities for the ACC in 2013-14.

Investigations

2.10 The annual report notes that the ACC's investigations are designed to disrupt and deter criminal groups by collecting intelligence and evidence. Investigations approved by the ACC Board in 2013-14 include:

- Highest Risk Criminal Targets
- Highest Risk Criminal Targets—South Australia
- Highest Risk Criminal Targets—Victoria
- Targeting criminal wealth.⁹

Intelligence operations

2.11 Intelligence operations are designed to gather intelligence around specific criminal activities (as opposed to groups). These operations are subsequently informed by the extent, impact and threat of the criminal activities. The ACC Board approved the following intelligence operations in 2013-14:

- High Risk and Emerging Drugs
- Outlaw Motor Cycle Gangs
- National Security Impacts from Serious and Organised Crime
- Making Australia Hostile to Serious and Organised Crime
- National Indigenous Intelligence Task Force (Indigenous Violence or Child Abuse)
- Child Sex Offences.¹⁰

Contribution to law reform and parliamentary inquiries

2.12 The ACC has continued its engagement with various parliamentary committees, serious and organised crime forums and whole-of-government decisions. In 2013-14, the ACC contributed to the National Security Committee of Cabinet, COAG's Law Crime and Community Safety Council and various inter-governmental forums.

2.13 Specifically, the ACC contributed to parliamentary inquiries and other reviews as follows:

- Senate Legal and Constitutional Affairs References Committee—*Comprehensive revision of the Telecommunications (Interception and Access) Act 1979*

9 ACC, *Annual Report 2013-14*, p. 19.

10 ACC, *Annual Report 2013-14*, p. 19.

- Senate Legal and Constitutional Affairs Legislation Committee—Crimes Legislation Amendment (Unexplained Wealth and Other Measures) Bill 2014
- Parliamentary Joint Committee on Law Enforcement—Inquiry into financial related crime
- Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity—Inquiry into the jurisdiction of the Australian Commission for Law Enforcement Integrity
- Victorian Parliamentary inquiry into the supply and use of methylamphetamine, particularly ice in Victoria
- Commonwealth review of Australia's anti-money laundering/counter-terrorism financing regime
- Hawke review of the Freedom of Information Act 1982 and the Australian Information Commissioner Act 2010.¹¹

Financial management

2.14 On 30 June 2014, the ACC comprised 562 staff across in nine offices around Australia. This is a slight reduction from previous years, of 584 staff at the conclusion of 2012-13 and 598 staff in 2011-12.¹²

2.15 The Australian National Audit Office (ANAO) determined that, with respect to the ACC's financial statements, the ACC had followed the requirements of the Finance Minister's Orders made under the FMA Act, including the Australian Accounting Standards. Further, the ANAO opined that the ACC had given a true and fair view of the matters required by the Finance Minister's Orders, including its financial position as at 30 June 2014 and its financial performance and associated cash flows in the preceding financial year.¹³

2.16 The ACC reported a deficit of \$6.317 million in 2013-14, noting that apart from the unfunded depreciation of \$7.347 million, the ACC reported a surplus of \$1.030 million. The annual report notes:

Appropriated equity injections and appropriated Departmental Capital Budgets do not impact the surplus or deficit. However, the ACC received capital funding from portfolio agencies and the accounting treatment requires this funding be recognised as revenue. This resulted in a surplus, as there was no operating expenditure when the funding was used to purchase assets.

The surplus includes \$1.215 million in capital funding received from portfolio agencies for capital investment. With the exclusion of capital funding the ACC returned a \$0.185 million deficit for the financial year, for

11 ACC, *Annual Report 2013-14*, pp 34–35.

12 ACC, *Annual Report 2013-14*, p. 5.; ACC, *Annual Report 2012-13*, p.11.; ACC, *Annual Report 2011-12*, p. 20.

13 ACC, *Annual Report 2013-14*, p. 157.

which we had a Ministerial approved deficit of up to \$0.443 million for the finalisation of the National Indigenous Intelligence Task Force.¹⁴

Commonwealth Ombudsman

2.17 Section 10 of the *Parliamentary Joint Committee on Law Enforcement Act 2010* requires the Commonwealth Ombudsman, at least once per calendar year, to brief the committee about the involvement of the ACC and AFP in controlled operations under Part 1AB of the *Crimes Act 1914* during the preceding 12 months. In the usual manner, the committee has received the report and it is currently under consideration.¹⁵

2.18 Based on the information provided by the Ombudsman, the committee is satisfied that the ACC's controlled operations were conducted within the relevant boundaries and requirements.

14 ACC, *Annual Report 2013-14*, p. 150.

15 *Parliamentary Joint Committee on Law Enforcement Act 2010*, s. 10.

Chapter 3

Australian Crime Commission performance measurement

3.1 This chapter considers the ACC's performance against the outcomes found in the Portfolio Budget Statements (PBS) and the ACC's new Key Performance Indicators (KPIs). It examines the measurement tools utilised to inform the KPIs and to track performance over time. The committee notes that 2013-14 marks the first year of the assessment of the ACC's work against the new KPIs.

Portfolio Budget Statements

3.2 The ACC is required, by the Attorney-General Department's PBS, to contribute to outcomes that are intended results, impacts or consequences of actions by the government on the Australian community:

Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs that contribute to government outcomes over the budget and forward years.¹

Outcome 1

3.3 The PBS indicates that the ACC's outcome requires:

Reduced serious and organised crime threats of most harm to Australians and the national interest including through providing the ability to understand, discover and respond to such threats.²

3.4 The PBS notes the ACC's approach to this outcome:

The ACC's strategic approach of discovering new and emerging threats, understanding them more deeply, prioritising against the highest threat and initiating preventative or disruptive responses with its partners, will direct the allocation of resources and ACC capabilities to the serious and organised crime threats of most harm to Australians and the national interest. Core elements of the ACC's strategy include providing national strategic advice on serious and organised crime threats and coordinating and participating in national responses with its partners. A highly developed understanding of the threats posed by serious and organised crime will underpin the ACC's provision of specialised criminal intelligence capabilities and will focus response strategies on targets that pose the highest risk to Australians. The ACC will specifically focus on two core areas—building capability and working with partners—to deliver its outcomes and guide internal strategy development.³

1 Attorney General's Department, *Portfolio Budget Statement 2013-14*, p. 84.

2 Attorney General's Department, *Portfolio Budget Statement 2013-14*, p. 84.

3 Attorney General's Department, *Portfolio Budget Statement 2013-14*, p. 84.

New Key Performance Indicators

3.5 The annual report notes that this is the first year of the ACC reporting against its new KPIs, as part of the ACC's Strategic Plan 2013–18. The annual report states:

[The ACC] expect to further develop our ability to capture and report on our performance in both qualitative and quantitative terms and to build relevant comparisons over the coming years.⁴

3.6 In this regard the committee notes that the 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'.⁵ 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.⁶

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
- timed—include specific timeframes for completion.⁷

4 ACC, *Annual Report 2013-14*, p. 19.

5 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.

6 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.

7 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.

3.8 The committee notes the inclusion of the new key performance indicators in this annual report. The new KPIs for the ACC are as follows:

- 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.⁸

3.9 As in previous years, the ACC falls within Program 1.1.1 of the broader Attorney-General's Portfolio Budget Statement 2013-14.⁹ The committee has not reproduced all of the measures within each KPI, but has selected notable highlights that are demonstrative of the ACC's work and effectiveness against each KPI.

3.10 The ACC again managed and conducted its annual stakeholder research for a second time in 2013-14. The annual report notes that the survey results for 2013-14 will provide a baseline for stakeholder satisfaction against the new KPIs that will assist the measurement of their performance in future.¹⁰ The results from aspects of this year's stakeholder survey are included below.

KPI 1 - Producing useful intelligence that identifies and provides insights on serious and organised crime

3.11 The first KPI requires the ACC produce useful intelligence that can identify and provide insight on new and emerging serious and organised crime threats.¹¹ The ACC has contributed towards this KPI through numerous achievements, including:

- producing over 60 intelligence reports; and
- identifying and producing intelligence on money laundering, illicit enterprises, foreign fighters, visa migration fraud and significant crime targets.¹²

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

9 ACC, *Annual Report 2013-14*, p. 18.

10 ACC, *Annual Report 2013-14*, p. 121.

11 ACC, *Annual Report 2013-14*, p. 20.

3.12 The annual report notes that 93 per cent of stakeholders agreed or strongly agreed that the ACC achieved this KPI.¹³

KPI 2 – Fills intelligence gaps through the identification of vulnerabilities and indicators of serious and organised crime

3.13 KPI 2 requires the ACC to fill intelligence gaps through the identification of vulnerabilities and indicators of serious and organised crime.¹⁴ The ACC worked towards this criterion through:

- producing an assessment on 3D printing technology and serious and organised crime, with attention on alternative anonymous currencies; and
- developing insights into criminal methodologies used by high risk crime groups in relation to illegal labour hire.¹⁵

3.14 The annual report notes that 89 per cent of the ACC's stakeholder survey agreed or strongly agreed that the ACC achieved this KPI.¹⁶

KPI 3 – Collects and maintains national holdings of serious and organised crime threats and targets

3.15 KPI 3 requires the ACC to collect and maintain national holdings of serious and organised crime threats and targets.¹⁷ The ACC contributed towards this KPI through:

- maintaining the National Criminal Target List and the Australian Criminal Intelligence Database and conducting 263 coercive examinations;
- maintaining 1.8 million firearm transaction records;
- responding to requests for information from international and domestic partners with 114 disseminations of intelligence; and
- compiling national illicit drug data and provided a shared understanding of serious and organised crime threats.

3.16 The annual report notes that 96 per cent of respondents to the ACC's stakeholder survey agreed or strongly agreed that the ACC met this KPI.¹⁸

12 ACC, *Annual Report 2013-14*, p. 20.

13 ACC, *Annual Report 2013-14*, p. 20.

14 ACC, *Annual Report 2013-14*, p. 20.

15 ACC, *Annual Report 2013-14*, p. 20.

16 ACC, *Annual Report, 2013-14*, p. 21.

17 ACC, *Annual Report 2013-14*, p. 20.

18 ACC, *Annual Report 2013-14*, p. 21.

KPI 4 – Interprets and analyses national holdings to create a national serious and organised crime intelligence picture.

3.17 KPI 4 requires the ACC to interpret and analyse its data to create intelligence products for the wider law enforcement community, including the Organised Crime Risk Assessment and the Illicit Drugs Data Report, both of which are discussed in further detail in Chapter 4. Additionally, the ACC worked towards this KPI through its production of numerous products, including:

- Strategic assessments on illicit tobacco, superannuation fraud, submissions to parliamentary inquiries; cannabis markets;
- Contribution to the review of AML/CTF regime review;
- Development of intelligence pictures on financial crime impacting the Commonwealth (Project Wickenby);
- Identification of money laundering schemes by high risk criminal targets;
- Production of intelligence on the national crystal methylamphetamine and organised crime and sport links; and
- Shared 2164 intelligence products with 254 agencies.¹⁹

3.18 The annual report notes that 91 per cent of the ACC's stakeholders agreed or strongly agreed that the ACC had achieved KPI 4.²⁰

KPI 5 – Informs and influences the hardening of the environment against serious and organised crime

3.19 KPI 5 requires the ACC to inform and influence the hardening of the environment against serious and organised crimes. The ACC contributed towards this KPI in 2013-14 through:

- supporting a stronger alternative money remittance sector and regulatory responses;
- reducing vulnerabilities to organised investment fraud;
- identifying legislative gap in relation to drug analogues;
- engaging with chemical companies to identify potential diversions of chemicals;
- supporting the development of strategies to mitigate serious and organised crime risks to Australia Post; and
- informing policy and program design through the work of the National Indigenous Intelligence Task Force.²¹

3.20 The annual report notes that 83 per cent of stakeholders surveyed agreed or strongly agreed that the ACC had achieved KPI 5.²²

19 ACC, *Annual Report 2013-14*, p. 21.

20 ACC, *Annual Report 2013-14*, p. 21.

21 ACC, *Annual Report 2013-14*, p. 22.

KPI 6 – Influences or enables the disruption, disabling or dismantling of serious and organised crime

3.21 KPI 6 requires the ACC to influence or enable the disruption, disabling or dismantling of serious and organised crime.²³ In 2013-14 the ACC has:

- Disrupted 39 serious and organised criminal groups or networks;
- Seized \$23.03 million in cash, \$386 million estimated street value of illicit drugs and more than \$132 million precursor chemicals;
- Restrained more than \$150 million in assets;
- Assisted in the issuing of \$81.5 million tax assessments and the arrests of 371 people on 617 charges;
- Seized 84 firearms and referred 130 entities to the Criminal Assets Confiscation Taskforce with an estimated value of \$166 million.²⁴

3.22 The annual report notes that 83 per cent of respondents to the ACC's survey agreed or strongly agreed that the ACC had achieved KPI 6.²⁵

KPI 7 – participates in or coordinates collaboration in joint operations and investigations to prevent and disrupt serious and organised crime

3.23 KPI 7 requires the ACC to participate in or coordinate collaboration in joint operations and investigations to prevent and disrupt serious and organised crime.²⁶ The ACC worked towards this KPI through its leadership or participation in:

- Attero Task Force (Rebels outlaw motorcycle gang);
- Australian Gangs Intelligence Coordination Centre/Project Legion;
- Criminal Assets Confiscation Taskforce (proceeds of crime recovery);
- Eligo National Task Force (money laundering);
- Maritime task forces;
- National Indigenous Intelligence Task Force;
- Project Advection (foreign fighters—national);
- Project Alysse (criminal exploitation of Australia post);
- Project Birsham (analytical support for Operation Sovereign Borders);
- Project Chives (organised crime and visa migration fraud);
- Project Conway (high risk crime targets—Qld, NSW);

22 ACC, *Annual Report 2013-14*, p. 22.

23 ACC, *Annual Report 2013-14*, p. 22.

24 ACC, *Annual Report 2013-14*, p. 22.

25 ACC, *Annual Report 2013-14*, p. 22.

26 ACC, *Annual Report 2013-14*, p. 23.

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- Project Cumulus (identity crime and card skimming);
 - Project Latchkey (high risk crime targets—Tas);
 - Project Tallowwood (cyber and new technology crime);
 - Project Tricord (high risk crime targets—WA);
 - Project Wickenby (nationally significant tax fraud);
 - Protect Lightfoot (foreign fighters—Qld); and
 - Task Force Gallilee (investment fraud).²⁷

3.24 The annual report notes that 91 per cent of the ACC's stakeholder respondents agreed or strongly agreed that the ACC had met KPI 7.²⁸

Committee view

3.25 The committee appreciates the ongoing complexity of the new qualitative KPIs that the ACC has developed, and acknowledges that some of the ACC's work remains unquantifiable.

3.26 In its previous report the committee noted that the ACC planned to include information on progress made towards establishing qualitative and quantitative KPIs. The committee is concerned that in 2013-14, no quantitative KPIs have been developed, and notes that the ANAO has highlighted the importance of agencies having an appropriate mix of qualitative and quantitative KPIs.

3.27 The committee notes the high levels of satisfaction expressed in the stakeholder survey. However, the committee is not convinced that the new KPIs provide a more measureable basis for performance assessment, noting that this year was their first full year of use by the ACC.

3.28 As noted last year, the committee expects that the performance results of the ACC will be measureable over time, and encourages the ACC to examine whether the KPIs are instructive, and achieve an appropriate mix between qualitative and quantitative indicators. The committee will continue to examine the performance of the ACC against the new KPIs in the ACC's next annual report.

27 ACC, *Annual Report 2013-14*, p. 23.

28 ACC, *Annual Report 2013-14*, p. 23.

Chapter 4

Issues

4.1 This chapter provides an overview of some issues raised during the hearing on the ACC's annual report. Amongst other things it outlines the ACC's current operational focus and some areas of interest for the committee.

4.2 During the public hearing, the committee discussed numerous areas interest. These include the role and effectiveness of numerous task forces targeting outlaw motorcycle gangs, increasing sophistication of money laundering operations and the spread and use of illicit drugs.

4.3 The committee also examined the ACC's relationship with its partners, through the ACC's work to enhance information sharing across Commonwealth, State and Territory law enforcement agencies. These issues are discussed further below.

Australian Gangs Intelligence Coordination Centre

4.4 The annual report notes the ongoing work of the Australian Gangs Intelligence Coordination Centre (AGICC), as a key part of the Government's strategy to target outlaw motorcycle gangs. The multi-agency AGICC is a key component of the Commonwealth Government's efforts to reduce outlaw motorcycle gang related crime. The AGICC is housed in custom built headquarters within the ACC, and brings together specialist staff from the ACC, AFP, ATO, Australian Customs and Border Protection Service, the Department of Immigration and Border Protection and Centrelink.¹

4.5 The AGICC has had numerous successes in 2013-14, outlined in detail in the annual report. These include:

- contributing to more than 28 state and territory outlaw motorcycle gang investigations;
- releasing more than 60 intelligence reports to law enforcement partners;
- responding to 83 requests for information;
- providing intelligence leading to the arrest of 10 outlaw motorcycle gang members; and
- coordinating coercive examinations related to outlaw motorcycle gang activities.²

1 ACC, *Annual Report 2013-14*, p. 90.

2 ACC, *Annual Report 2013-14*, p. 93.

Joint Analyst Groups

4.6 The annual report discusses the role of Joint Analyst Groups (JAGs) as multi-agency intelligence functions in each state whose purpose is to bring together analysts from the ACC, jurisdictional police and other Commonwealth and State agency partners.³ The JAGs are intended to provide 'a shared understanding of the serious and organised crime threats at the jurisdictional level.'⁴

4.7 The annual report notes that JAGs work closely with other ACC functions, including Fusion and the AGICC, and can use the ACC's special (coercive) powers where their work relates to an ACC special operation or investigation.⁵

National Criminal Target List

4.8 The annual report also notes the ACC's responsibility to maintain the National Criminal Target List that details the threats posed by Australia's nationally significant organised and serious crime targets. This includes foreign based groups which operate in Australia.⁶

4.9 Prior to the creation of the list in 2010, each jurisdiction maintained a jurisdiction specific target list. The contemporary national list means that a clearer national picture of threats and risks from serious and organised crime targets in Australia is apparent to law enforcement agencies. The ACC makes the National Criminal Target List available to partners through the National Target System.⁷

Australian Criminal Intelligence Forum

4.10 The ACC chairs and provides secretariat support for the Australian Criminal Intelligence Forum (ACIF), whose membership includes members from community safety, policing, serious and organised crime and national security. The annual report details that one of the advantages of the ACIF has been the provision of a high level national forum on intelligence issues, enhanced collaboration and significantly higher quality criminal intelligence advice to the ACC Board and other stakeholders.⁸

Australian Criminal Intelligence Model

4.11 The Australian Criminal Intelligence Model (ACIM) was finalised last year with the assistance of the ACC's Board member agencies, representing an agreed national framework for managing knowledge of the criminal environment. The ACIM is also intended to deliver enhanced flow of criminal intelligence within and across numerous sectors (including policing and community safety, serious and organised

3 ACC, *Annual Report 2013-14*, p. 90.

4 ACC, *Annual Report 2013-14*, p. 90.

5 ACC, *Annual Report 2013-14*, p. 90.

6 ACC, *Annual Report 2013-14*, p. 91.

7 ACC, *Annual Report 2013-14*, p. 91.

8 ACC, *Annual Report 2013-14*, p. 91.

crime, national security). It is intended that ACIM will provide a pathway between jurisdictions for more effective collaboration of law enforcement agencies:

[The ACIM]... is a significant step towards treating criminal intelligence as a national asset—something that is collected once and used for the benefit of many.⁹

Support from stakeholder agencies and subscribers

4.12 The ACC explained that the National Criminal Intelligence System (NCIS) will largely replace the Australian Criminal Intelligence Database (ACID) that currently serves as Australia's national criminal intelligence and information system.¹⁰

4.13 ACID is currently subscribed to by 24 Commonwealth and state agencies. The ACC noted that ACID and its associated Australian Law Enforcement Intelligence Network (ALEIN) require replacement, and suggested broad support from partner law enforcement agencies for the new system:

ALEIN is very useful right across the Commonwealth but both systems combined need to be replaced. So we have done a detailed scoping study and we have consulted with the Department of Finance and every agency that subscribes to ACID and ALEIN to get their feedback on what they want. They have all indicated very strong support for what we are terming the National Criminal Intelligence System, NCIS, which will be an electronic based information management system that will contain within it sophisticated and contemporary databases upgraded from what I described ALEIN as having. It will have classified level connectivity with a cascading set of security spaces that accredited users can enter into providing they have the electronic accreditation. It will enable the Commonwealth to host, on behalf of the Federation, criminal intelligence data and raw information which is drawn from the wide variety of sources that the Crime Commission currently draws data from for use by the states and every agency that currently subscribes or in the future might wish to.¹¹

4.14 Further, the ACC details the ACIF's focus on three critical 'success factors' for the ACIM, that are discussed below.

Technology

4.15 The ACIF has agreed to work collaboratively with respect to federated technologies and supports the development of a National Request for Information Capability, a National Criminal Intelligence Product Directory and the National Criminal Intelligence System.¹²

9 ACC, *Annual Report 2013-14*, p. 91.

10 ACC, *Annual Report 2013-14*, p. 91.

11 Mr Paul Williams, Executive Director Corporate Services, ACC, *Committee Hansard*, 11 February 2015, p. 6.

12 ACC, *Annual Report 2013-14*, p. 92.

Policy and legislation

4.16 The ACIM has been used as a benchmark in the development of the Australia New Zealand Policing Advisory Agency (ANSPAA) Education and Training Guidelines for Police Intelligence. According to the annual report, the guidelines have been accepted and endorsed by the Australasian Police Professional Standards Council.¹³

Culture

4.17 The ACIF's role as a forum for heads of intelligence across Australia has contributed to greater intelligence sharing across agencies, while raising the profile of intelligence across Australia. The annual report suggests that collaboration between ACIF and the Serious Organised Crime Coordination Committee (SOCCC) and the subsequent strengthening of the Joint Management Group and Joint Analyst Group Frameworks has been pivotal to improved intelligence sharing:

This collaboration has cemented the link between intelligence and operations, and is processing the ACIM's vision of intelligence partnerships for a safer Australia.¹⁴

National Criminal Intelligence Priorities

4.18 The annual report details the role of National Criminal Intelligence Priorities (NCIPs) to determine nationally significant criminal intelligence issues at the Commonwealth, state and territory level. Development of NCIPs is a legislative function of the ACC Board and the annual report notes that in the preceding year the ACIF has reviewed the NCIP development process:

...to ensure more active Commonwealth, state and territory collaboration and alignment with the ACIM. The collaboration resulted in a set of national priorities of relevance to all agencies.¹⁵

Eligo National Task Force

4.19 The ACC have previously raised the importance of the Eligo National Task Force, noting the effective and close cooperation between partner agencies. Eligo was targeted to reduce incidences of money laundering, through engagement with both the formal and informal banking systems, as well as the remittance industry. The ACC noted that Eligo had identified an additional 95 criminal targets that were previously unknown to law enforcement agencies. Significantly, Eligo had resulted in large financial seizures, including:

...a seizure of \$21 million in cash; drugs estimated in excess of \$140 million in street value; and also precursors, valued at more than \$6 million. That has resulted in 227 charges against 110 people.¹⁶

13 ACC, *Annual Report 2013-14*, p. 92.

14 ACC, *Annual Report 2013-14*, p. 92.

15 ACC, *Annual Report 2013-14*, p. 92.

4.20 The ACC noted that since the commencement of the task force, Eligo had been responsible for the seizure of \$54 million in cash and over a tonne of illicit drugs.¹⁷

From Attero to Morpheus

4.21 The ACC submitted that it had expanded its taskforces in relation to outlaw motorcycle gangs, from Attero that targeted the Rebels Outlaw Motorcycle Gang to a broader outlaw motorcycle gang task force, named Morpheus. The annual report notes that task force Attero has resulted (cumulatively) in more than 2 276 arrests, the seizure of 39 firearms and raised more than \$15.5 million in tax liabilities.¹⁸

4.22 The ACC explained why they had broadened the task force beyond the Rebels gang, noting that the Rebels were the most prolific and fastest growing gang:

...but we have broadened it out to a broader remit including other outlaw motorcycle gangs. That has resulted in 4,200 charges, searches of more than 430 premises, seizure of weapons, firearms and drugs, and ongoing tax liability notices.¹⁹

4.23 During questioning at the hearing the ACC undertook to provide a breakdown of Attero related arrests by state and territory.²⁰ The ACC provided this information in an answer to a Question on Notice as follows:

16 Mr Chris Dawson APM, Chief Executive Officer, ACC, *Committee Hansard*, 11 February 2015, p. 1.

17 Mr Chris Dawson APM, Chief Executive Officer, ACC, *Committee Hansard*, 11 February 2015, p. 2.

18 Mr Chris Dawson APM, Chief Executive Officer, ACC, *Committee Hansard*, 11 February 2015, p. 2.

19 Mr Chris Dawson APM, Chief Executive Officer, ACC, *Committee Hansard*, 11 February 2015, p. 2.

20 Mr Chris Dawson APM, Chief Executive Officer, ACC, *Committee Hansard*, 11 February 2015, p. 5.

Table 1—Attero related reports and arrests, ACC Annual Report 2013-14²¹

| State/Territory | Number of reports/arrests |
|------------------------------|---------------------------|
| Australian Capital Territory | 7 |
| New South Wales | 364 |
| Northern Territory | 43 |
| Queensland | 1630 |
| South Australia | 34 |
| Tasmania | 82 |
| Victoria | 80 |
| Western Australia | 36 |

ACC's key publications

Serious and organised crime threats

4.24 The annual report acknowledges the sophisticated, globalised and increased threat to national security posed by serious and organised crime. Notwithstanding that it is becoming 'more pervasive, powerful and complex,' the ACC noted:

The traditional business of serious and organised crime now operates alongside new and emerging forms, including exploitation of the cyber environment and increased targeting of key economic assets and markets.²²

4.25 The ACC submitted that the economic costs of serious and organised crime remains high, while increasing in sophistication and reach:

The threat and scourge of serious organised crime is growing in sophistication and reach. The Australian Crime Commission, together with our partner agencies, conservatively estimate that organised crime costs the Australian community in excess of \$15 billion per annum.²³

4.26 The ACC continues to provide its flagship publications, which seek to detect, disrupt and understand serious and organised crime. The publications include the *Organised Crime Threat Assessment*, *Organised Crime in Australia*, *National*

21 Please note, these figures include both arrests and reports, which is more detail than was initially asked by committee members at the public hearing on 11 February 2015.

22 ACC, *Annual Report 2013-14*, p. 28.

23 Mr Chris Dawson APM, CEO, ACC, *Committee Hansard*, 11 February 2015, p. 1.

Criminal Target Report, Illicit Drug Data Report and *Organised Crime 2020*.²⁴ The details of the publications are discussed below.

Organised Crime Threat Assessment

4.27 The *Organised Crime Threat Assessment* is the ACC's biennial market based assessment that examines Australia's key illicit markets and activities that enable organised and serious crime. The ACC has continued to assess and monitor crimes within its remit, including drugs, firearms, superannuation and financial fraud and crimes against the person (human trafficking and maritime people smuggling).²⁵

4.28 The annual report notes the next *Organised Crime Threat Assessment* is due in mid-2016.²⁶

National Criminal Target Report

4.29 The annual report notes the ACC is updating its *National Criminal Target Report* that provides a thorough picture of threats and risks posed by nationally significant serious and organised crime targets.²⁷ The 2014 report was presented to the ACC Board in June 2014.²⁸

Illicit drugs

4.30 The ACC noted that its work against the illicit drug trade continues, and expects to present an updated *Illicit Drug Data Report* in 2015. The ACC also noted the growing trends of illicit drug use in Australia and restated its focus:

The trend continues to greatly concern us, particularly in regard to crystal methylamphetamine, which has been subject to quite a bit of attention by both law enforcement and governments around the country.²⁹

4.31 The ACC noted it has significantly disrupted the illicit drug trade, including the seizure in 2013-14 of three tonnes of illicit drugs, including 900 kilos of crystal methylamphetamine, together with MDMA or ecstasy.³⁰

Illicit Drug Data Report

4.32 The annual report details the ACC's ongoing support for its *Illicit Drug Data Report*, having received positive feedback from stakeholders. Specifically, previous reports focused on numerous records for the ACC, noting that the reporting period saw nearly all drug types reach decade or record highs:

24 ACC, *Annual Report 2013-14*, p. 28.

25 ACC, *Annual Report 2013-14*, p. 28.

26 ACC, *Annual Report 2013-14*, p. 28.

27 ACC, *Annual Report 2013-14*, p. 29.

28 ACC, *Annual Report 2013-14*, p. 29.

29 Mr Chris Dawson APM, CEO, ACC, *Committee Hansard*, 11 February 2015, p. 2.

30 Mr Chris Dawson APM, CEO, ACC, *Committee Hansard*, 11 February 2015, p. 2.

- A record seizure of 86 918 drugs, weighing 19.6 tonnes and 101 749 national illicit drug arrests; and
- The highest record of seizures of cannabis and amphetamine type stimulants.³¹

4.33 The CEO noted that the ACC is planning to release its next *Illicit Drug Data Report* in the coming months. The new report will provide further analysis and understanding of the challenges facing law enforcement with respect to illicit drugs, including crystal methamphetamine:

The trend continues to greatly concern us, particularly in regard to crystal methylamphetamine, which has been the subject of quite a bit of attention by both law enforcement and governments around the country. The committee may also be aware that there was a very large seizure several months ago—up to nearly three tonnes of illicit drugs. That was a mixture of drugs, including MDMA and ecstasy, but there was nearly 900 kilos of crystal methylamphetamine. That is not in this annual report. This is just to let you know that the problem is still there.³²

Crystal methamphetamine (ice)

4.34 Increasing use of the illicit drug crystal methamphetamine or ice was also raised by the ACC as an ongoing area of concern. The ACC submitted that it was continually monitoring illicit seizures, and foreshadowed current operations had seized record amounts of MDMA (ecstasy) and ice, noting that intelligence provided by the ACC had assisted NSW Police in seizing 30 kilograms of methamphetamine.³³

Collaboration with external agencies

4.35 The ACC's relationship with its external partners continues to develop, and the ACC specifically mentioned the numerous arrests and intelligence products it provided to its law enforcement partners in 2013-14. These included producing a total of 2164 intelligence outputs with 254 agencies.³⁴ The ACC noted that in 2013-14:

[The ACC] were involved in coordinating and collaborating primarily with the Australian Federal Police, the state and territory police but also with quite a number of Commonwealth agencies with 18 joint operations and investigations.³⁵

31 ACC, *Annual Report 2013-14*, p. 30.

32 Mr Chris Dawson APM, CEO, ACC, *Committee Hansard*, 11 February 2015, p. 2.

33 Mr Chris Dawson APM, Chief Executive Officer, ACC, *Committee Hansard*, 11 February 2015, p. 2.

34 Mr Chris Dawson APM, CEO, ACC, *Committee Hansard*, 11 February 2015, p. 1.

35 Mr Chris Dawson APM, CEO, ACC, *Committee Hansard*, 11 February 2015, p. 1.

Security, Integrity and Misconduct

4.36 The annual report notes the ANAO conducted a cross agency audit on management of physical security at the ACC and two other agencies. The ANAO found that the ACC was compliant with seven of the sixteen mandatory Protective Security Police Framework requirements, and partially compliant with the remaining nine.³⁶ The ACC noted:

There were two recommendations to strengthen the design and application of physical security assurance and monitoring activities, and security risk management practices. The ACC has agreed to these recommendations, noting that our security policy and plans reflect the outcome of security risk assessments and are updated when required, and that we will review our security risk management process to ensure it aligns with Protective Security Policy Framework requirements.³⁷

4.37 The annual report notes that integrity and security are critical for the use of its coercive and other powers, as well as its ability to deliver the outcomes required of it by Government and the general public.³⁸

4.38 The annual report notes that the ACC has a dedicated Integrity Assurance Team, who are responsible for the prevention, detection and investigation of misconduct, fraud and corruption at the ACC.³⁹

4.39 Further the ACC has received three internal disclosures under the *Public Interest Disclosure Act 2013* (PID Act), one of which was completed under the PID Act requirements, and then recommenced under the *Public Service Act 1999*. As at 30 June 2014, two disclosures remain under investigation.⁴⁰

4.40 While the ACC has no carry over misconduct cases from 2012-13, the Integrity Assurance Team received 14 referrals alleging ACC staff had breached the *Australian Public Service Code of Conduct*. As at 30 June 2014, 3 referrals remained under investigation, 7 were deemed not to require a formal investigation, 1 was discontinued due to the employee's resignation, 2 were substantiated and 1 resulted in no finding.⁴¹

4.41 The ACC also maintains a Fraud and Corruption Control Plan 2013-15, but notes it did not receive a fraud allegation in 2013-14. The annual report mentions a misconduct allegation that was referred to the Australian Commission for Law

36 ACC, *Annual Report 2013-14*, p. 133.

37 ACC, *Annual Report 2013-14*, p. 133.

38 ACC, *Annual Report 2013-14*, p. 124.

39 ACC, *Annual Report 2013-14*, p. 125.

40 ACC, *Annual Report 2013-14*, p. 125.

41 ACC, *Annual Report 2013-14*, p. 125.

Enforcement Integrity regarding a potential corruption issue relating to a former or current ACC staff member.⁴²

4.42 Further, one carry-over investigation case from 2012-13 remains open as an ACLEI investigation.⁴³

4.43 The committee notes the ACC previously provided (in answers to questions at the public hearing) detail regarding staff security breaches in the ACC. This information is not included in the annual report, and the committee believes it would be helpful in determining the success of the ACC's security and integrity framework.

4.44 The committee will continue to monitor the ACC's security, integrity and misconduct frameworks and internal investigations in the next reporting period, and the effectiveness of measures in place to raise security awareness.

Committee view

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

4.46 The committee also notes that the ACC has recently finalised its 2013-14 illicit drug data report. The committee has recently commenced an inquiry into crystal methamphetamine (ice) in Australia, and recognises the difficulties for law enforcement agencies in combatting the increasing use of illicit substances. The committee believes this is an important area and commends the ACC on its work in this regard.

Mr Craig Kelly MP
Chair

42 ACC, *Annual Report 2013-14*, p. 125.

43 ACC, *Annual Report 2013-14*, p. 125.

Appendix 1

Witnesses who appeared before the Committee at the Public Hearing

Wednesday, 11 February 2015 – Canberra ACT

Australian Crime Commission

Mr Chris Dawson, APM, Chief Executive Officer

Mr Warren Gray, Acting Executive Director, Operations

Ms Judith Lind, Executive Director, Strategy and Specialist Capabilities

Mr Paul Williams, Executive Director, Corporate Services

