An abstract graphic featuring a network of white dots of varying sizes connected by thin white lines, set against a light gray background. The network is denser on the left side and fades towards the right. A large, dark gray triangular shape is positioned in the bottom right corner, partially overlapping the network lines.

We collect evidence and produce intelligence about criminal activity to **disrupt, deter** and **prevent** criminal groups and **inform** and **influence** strategic and operational decisions.

Chapter 2

Annual performance statement

Statement of preparation	page 28
2015–16 performance scorecard	page 29
2A Our intelligence products and advice	page 42
Snapshot of intelligence products and advice in 2015–16	page 42
Flagship publications	page 44
Strategic assessments and insights	page 47
Policy submissions and advice	page 50
2B Our investigations and intelligence operations	page 56
Snapshot of investigations and intelligence operations in 2015–16	page 56
Tackling criminal profit	page 58
Tackling highest risk criminals	page 72
Tackling criminal gangs	page 79
Informing responses to Australia’s illicit drug markets	page 84
Contributing to national security	page 93
Making Australia a more hostile place for serious and organised crime	page 96
2C Our national criminal databases	page 106
Snapshot of national criminal databases in 2015–16	page 106
Looking forward	page 113

Statement of preparation

I, as the accountable authority of the Australian Crime Commission (ACC), present the 2015–16 annual performance statements of the ACC, as required under paragraph 39(1)(a) and (b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and associated, performance relevant PGPA Rules.

In my opinion, in accordance with section 37 of the PGPA Act, these annual performance statements are based on properly maintained records and in accordance with section 38 and subsection 39(2), appropriately measure, assess and provide information about the ACC's performance in achieving our purposes.



Chris Dawson APM

Chief Executive Officer

Australian Criminal Intelligence Commission
(formerly the Australian Crime Commission)

2015–16 performance scorecard

Intended outcome and objective

Our Portfolio Budget Statement 2015–16 outcome is: *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.*

Our objective is to **discover** and **understand** new and emerging threats and fill intelligence gaps to build the national picture of serious and organised crime.

We do this to provide the ability for Australia to better understand the threats of most harm in order to effectively **respond**.

In some cases we work with our partners to respond by preventing and disrupting serious and organised crime.

In other cases, our intelligence picture informs and influences our partners' responses.

Our intelligence picture also informs and influences broader responses to harden the environment against serious and organised crime, for example through enforcement, regulation, policy or legislative reform.

Identifying a measurable basis for performance assessment

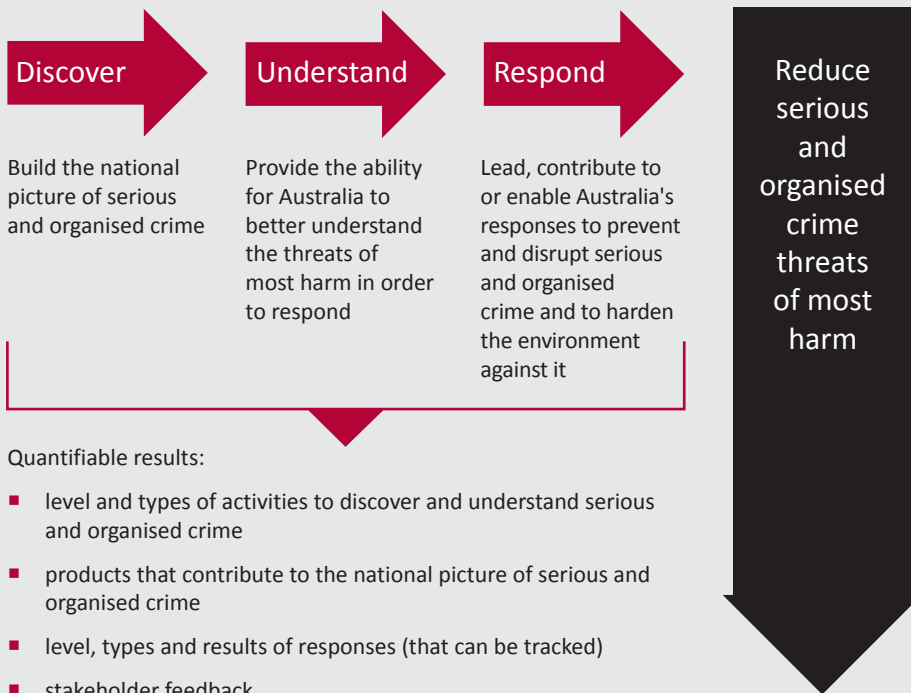
Our key performance indicators (KPIs) enable us to apply a range of qualitative and quantitative measures to assess progress towards our purpose.

Our quantifiable results include:

- the level and types of our activities to discover and understand serious and organised crime
- the products we deliver that contribute to the national picture of serious and organised crime
- the level, types and results of the responses we are directly involved in and of the other responses we can track that we enabled by developing that national picture
- our stakeholders' feedback gathered through annual surveys.

While we can never fully track all the results that flow from building and sharing the national picture of serious and organised crime, we are confident that our KPIs provide a measurable basis for our performance assessment.

What we do and how we measure our success



Our 2015–16 scorecard

The following scorecard summarises our quantifiable measures and qualitative achievements against our KPIs as they relate to our ability to **discover**, **understand** and **respond** to serious and organised crime threats.

We have also provided comparative trending information against these indicators and associated assessment of performance.


This is our third year of reporting against these indicators, as part of our performance framework that aligns with our *Strategic Plan 2013–18*.

We will continue to 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.

Performance scorecard against KPIs 2015–16

DISCOVER

We are proactively identifying new and emerging threats. Our collection work is focused on filling in the gaps in our intelligence.

KPI	Achievements	Page																					
<p>DISCOVER</p> <p>KPI 1: The ACC produces useful intelligence that identifies and provides insights on new and emerging serious and organised crime threats.</p> <p></p> <p>Summary</p> <p>Overall we demonstrated a similar level of performance against this indicator as compared with previous years.</p>	<p>KPI 1: Qualitative achievements—results</p> <p>Identified new technology for encrypted communications suspected to be used by serious and organised crime groups to conceal their activities (Eligo/Eligo 2 National Task Force).</p> <p>Identified new importation methodologies for precursor chemicals, leading to the identification of a new target and further seizures (Eligo/Eligo 2 National Task Force).</p> <p>Provided new intelligence on transnational methylamphetamine importation networks and their methodologies (Project Macrobust).</p> <p>Identified previously unknown criminal entities trafficking illicit precursors and firearms (Project Macrobust).</p> <p>Proactively identified individuals who display characteristics consistent with a terrorism lone actor (Project Ridgeline).</p> <p>Produced intelligence on previously unknown international professional money laundering syndicates' methodologies and operations in Australia and internationally (Eligo/Eligo 2 National Task Force).</p>	<p>64</p> <p>64</p> <p>74</p> <p>74</p> <p>94</p> <p>58–9 and 61–4</p>																					
	<p>KPI 1: Qualitative achievements—analysis</p> <p>We continued to discover new threats this year related to similar themes as reported over the last two years. Our performance last year in relation to identification of border vulnerabilities against this KPI is reflected in the other Discover KPIs this year.</p>																						
	<p>KPI 1: Quantitative achievements—results and analysis</p> <p>Percentage of stakeholder survey respondents who agree or strongly agree we achieved this KPI</p> <table border="1"> <thead> <tr> <th>2013–14</th><th>2014–15</th><th>2015–16</th></tr> </thead> <tbody> <tr> <td>93%</td><td>88%</td><td>85%</td></tr> </tbody> </table> <p>Although our overall stakeholder survey result is trending slightly down from the very high 2013–14 results, our overall result remains strong.</p> <p>New targets added to the National Criminal Target List</p> <table border="1"> <thead> <tr> <th>2013–14</th><th>2014–15</th><th>2015–16</th></tr> </thead> <tbody> <tr> <td>119 in total</td><td>61 in total</td><td>65 in total</td></tr> <tr> <td>57 by ACC</td><td>29 by ACC</td><td>45 by ACC</td></tr> </tbody> </table> <p>This year's results reflect a similar result to the expected normal levels of activity compared with last year, noting that the activity spike in 2013–14 was partly due to an extensive list refreshment project.</p> <p>Previously unknown money laundering entities identified (Eligo)</p> <table border="1"> <thead> <tr> <th>2013–14</th><th>2014–15</th><th>2015–16</th></tr> </thead> <tbody> <tr> <td>95</td><td>156*</td><td>103</td></tr> </tbody> </table> <p><i>* This result was reported as 112 last year, however, since publishing a significant back-capture resulted in this figure being updated to 156.</i></p> <p>As noted last year, although it is useful to trend these numbers over time, these numbers are expected to vary from year-to-year depending on the focus and criminality being investigated. This year's results represent a continuing strong focus on money laundering nationally and internationally, impacting Australia.</p>	2013–14	2014–15	2015–16	93%	88%	85%	2013–14	2014–15	2015–16	119 in total	61 in total	65 in total	57 by ACC	29 by ACC	45 by ACC	2013–14	2014–15	2015–16	95	156*	103	<p>138</p> <p>21 and 76–7 (58, 72, 93 and 96)</p> <p>58 and 61–4</p>
2013–14	2014–15	2015–16																					
93%	88%	85%																					
2013–14	2014–15	2015–16																					
119 in total	61 in total	65 in total																					
57 by ACC	29 by ACC	45 by ACC																					
2013–14	2014–15	2015–16																					
95	156*	103																					

Performance scorecard against KPIs 2015–16 (continued)


DISCOVER (continued)

We are proactively identifying new and emerging threats. Our collection work is focused on filling in the gaps in our intelligence.

KPI	Achievements	Page										
<div>DISCOVER</div> <div>KPI 2: The ACC fills intelligence gaps through the identification of vulnerabilities and indicators of serious and organised crime.</div> <div>✓</div> <div>Summary</div> <div>Overall we demonstrated a similar level of performance against this indicator as compared with previous years.</div>	<div>KPI 2: Qualitative achievements—results</div> <div>Produced 159 intelligence products, including disclosures that advanced investigations and supported operational activity related to previously unknown entities threatening national security, foreign fighters, terrorism financing and vulnerabilities in the aviation sector that may be exploited by serious and organised crime (all Project Ridgeline related projects and Project Haldus).</div> <div>Contributed insights, awareness and intelligence on cybercrime threats for further investigations by law enforcement partners (Project Longstrike).</div> <div>Identified individuals who may pose a risk to the Australian border due to their links to serious and organised crime (Project Iceberg).</div> <div>Identified intelligence on drug importation syndicates including identification of five suspected methamphetamine importers (Project Macrobust).</div>	<div>93–4</div> <div>97</div> <div>74</div> <div>74</div>										
	<div>KPI 2: Qualitative achievements—analysis</div> <div>Our performance in producing intelligence on serious organised crime aspects relating to national security issues continues to be strong and overall our qualitative performance is similar to last year.</div>											
	<div>KPI 2: Quantitative achievements—results and analysis</div> <div>Percentage of stakeholder survey respondents who agree or strongly agree we achieved this KPI</div> <table><tr><th>2013–14</th><th>2014–15</th><th>2015–16</th></tr><tr><td>89%</td><td>78%</td><td>76%</td></tr></table> <div>Although our overall stakeholder survey result is trending down from the very high 2013–14 results, our overall result remains solid.</div> <div>Real time alerting on nationally significant crime targets (Project Rosencrantz)</div> <table><tr><th>2014–15</th><th>2015–16</th></tr><tr><td>4,333</td><td>25,515</td></tr></table> <div>Our real time alerting was launched in 2014–15 and that year’s figure represents approximately six months of operation. Our results this year reflect a full 12 months of operation and the inclusion of a range of additional feeds to enhance this service.</div>	2013–14	2014–15	2015–16	89%	78%	76%	2014–15	2015–16	4,333	25,515	<div>138</div> <div>73 and 77</div>
	2013–14	2014–15	2015–16									
	89%	78%	76%									
2014–15	2015–16											
4,333	25,515											

UNDERSTAND

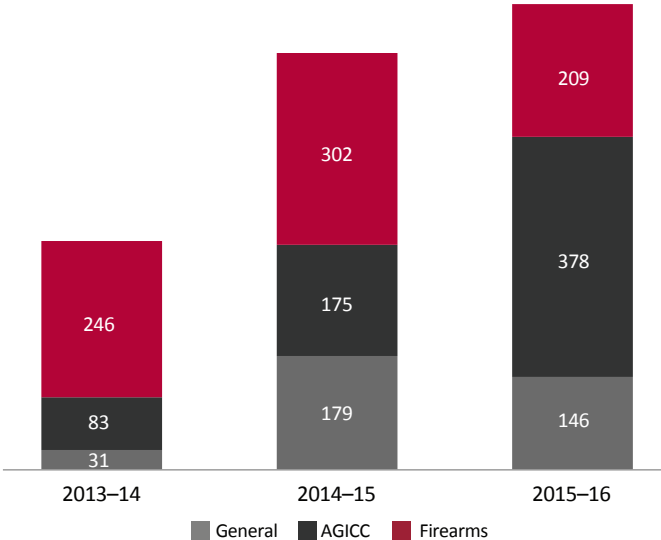
We have a national intelligence picture on current and emerging threats. All of our partners contribute to it and use this to guide their response to serious and organised crime

KPI	Achievements	Page								
<div>UNDERSTAND</div> <div>KPI 3: The ACC collects and maintains national holdings of serious and organised crime threats and targets.</div> <div>*</div> <div>Summary</div> <div>Overall we demonstrated a similar level of performance against this indicator as compared with previous years.</div> <div>* But, we note the need for improvement in the delivery of our national database.</div>	<div>KPI 3: Qualitative achievements—results</div> <div>Maintained the National Criminal Target List and made it available to partners through the National Targeting System.</div> <div>Maintained the Australian Criminal Intelligence Database and made it available to partners through the Australian Law Enforcement Intelligence Network.</div> <div>Maintained the Gangs Intelligence Hub for secure sharing of gangs information with partners (Project Legion).</div> <div>Further enhanced the secure and validated list of outlaw motor cycle gang (OMCG) members in the National Gangs List and strengthened reporting through development of national standardised definition of OMCGs, members and associates (Project Legion).</div> <div>Produced more than 590 intelligence products on OMCGs, provided to more than 50 agencies in support of multiple investigations (Project Legion/AGICC).</div> <div>Administered and provided reporting on the Australian Cybercrime Online Reporting Network (ACORN).</div> <div>Provided a shared understanding of the serious and organised crime threat and emerging issues at the jurisdictional level (Project Macrobust).</div> <div>Compiled national illicit drug data for Australia-wide use and public reference.</div> <div>Maintained 1.8 million firearm transaction and importation records.</div>	<div>76–7</div> <div>108–9</div> <div>81</div> <div>81–2</div> <div>79–80</div> <div>98–9</div> <div>74</div> <div>46</div> <div>99</div>								
	<div>KPI 3: Qualitative achievements—analysis</div> <div>Following the addition of a number of new services last year, particularly in relation to gangs information, this year we continued to contribute to, maintain and provide partners with access to, national serious and organised crime holdings. We have identified the need to improve the delivery of the Australian Criminal Intelligence Database, and our current pilot for the National Criminal Intelligence System will assist us to respond to the need to improve this service (see pages 110–2).</div>									
	<div>KPI 3: Quantitative achievements—results and analysis</div> <div>Number of coercive examinations to fill intelligence gaps, enhance understanding and progress investigations</div> <table><tr><th>2012–13</th><th>2013–14</th><th>2014–15</th><th>2015–16</th></tr><tr><td>226</td><td>263</td><td>176</td><td>202</td></tr></table> <div>We noted last year a decrease in the overall number of examinations we conducted due to a range of factors. As predicted this year has seen an upward trend, which we expect will continue next year.</div> <div>It should also be noted that the number of examinations does not reflect the number or duration of sessions. For example, one examination may involve an individual being recalled multiple times over several weeks, while another examination may be held over a single day session.</div>	2012–13	2013–14	2014–15	2015–16	226	263	176	202	<div>4, 21, 58, 72, 78–9, 85, 93, 96, 99 and 102</div>
	2012–13	2013–14	2014–15	2015–16						
	226	263	176	202						

Performance scorecard against KPIs 2015–16 (continued)

UNDERSTAND (continued)

We have a national intelligence picture on current and emerging threats. All of our partners contribute to it and use this to guide their response to serious and organised crime

KPI	Achievements	Page																						
UNDERSTAND KPI 3 (continued): The ACC collects and maintains national holdings of serious and organised crime threats and targets.	<p>Responses with information to requests for information from national and international partners</p>  <table><thead><tr><th></th><th>General</th><th>AGICC</th><th>Firearms</th></tr></thead><tbody><tr><td>2013–14</td><td>31</td><td>83</td><td>246</td></tr><tr><td>2014–15</td><td>179</td><td>175</td><td>302</td></tr><tr><td>2015–16</td><td>146</td><td>378</td><td>209</td></tr></tbody></table> <p><i>Note: The Australian Gangs Intelligence Coordination Centre (AGICC) commenced on 12 December 2013.</i></p> <p>Total number of requests for information</p> <table><thead><tr><th>2013–14</th><th>2014–15</th><th>2015–16</th></tr></thead><tbody><tr><td>360</td><td>656</td><td>733</td></tr></tbody></table> <p>Our responses to requests for information will vary from year-to-year depending on the activities of partner agencies. We noted last year a large increase due to the operations of the AGICC and this has continued to increase this year. We also continue to receive a large number of requests in relation to firearms traces. In addition, we continued to see a sizeable number of general requests, some of which related to the screening of foreign investors into residential real estate, now managed by the Australian Taxation Office.</p>		General	AGICC	Firearms	2013–14	31	83	246	2014–15	179	175	302	2015–16	146	378	209	2013–14	2014–15	2015–16	360	656	733	54, 80 and 99
		General	AGICC	Firearms																				
2013–14	31	83	246																					
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360	656	733																						
	<p>Percentage of stakeholder survey respondents who agree or strongly agree we achieved this KPI</p> <table><thead><tr><th>2013–14</th><th>2014–15</th><th>2015–16</th></tr></thead><tbody><tr><td>96%</td><td>91%</td><td>90%</td></tr></tbody></table> <p>Our stakeholder survey result remains very strong against this KPI.</p>	2013–14	2014–15	2015–16	96%	91%	90%	138																
2013–14	2014–15	2015–16																						
96%	91%	90%																						

UNDERSTAND (continued)

We have a national intelligence picture on current and emerging threats. All of our partners contribute to it and use this to guide their response to serious and organised crime

KPI	Achievements	Page
<p>UNDERSTAND</p> <p>KPI 4: The ACC interprets and analyses national holdings to create a national serious and organised crime intelligence picture.</p> <p>✓</p> <p>Summary</p> <p>Overall we demonstrated a similar level of performance against this indicator as compared with previous years.</p>	<p>KPI 4: Qualitative achievements—results</p> <p>Produced the <i>Organised Crime Threat Assessment</i>. 44–5</p> <p>Produced the <i>Illicit Drug Data Report</i>. 46</p> <p>Produced the Australian cybercrime threat assessment (Project Longstrike). 97</p> <p>Produced <i>The Costs of Serious and Organised Crime 2013–14</i>. 49</p> <p>Produced the National illicit firearms assessment (Project Mylonite). 99</p> <p>Produced an intelligence brief on the threat posed by alternative banking services. 59</p> <p>Produced a strategic insight on organised crime exploitation of online foreign exchange trading. 59</p> <p>Produced an intelligence brief on the vulnerabilities to organised crime of Australian self-managed superannuation funds. 59</p> <p>Produced a strategic assessment on the criminal exploitation of virtual currencies (Project Longstrike). 100</p> <p>Produced a strategic assessment on data communications encryption in the Australian market and implications for law enforcement of serious and organised crime use of encryption (Project Muskwood). 99–100</p> <p>Produced intelligence on organised wildlife crime and associated methodologies that will be used to support further investigations (Project Corktree and Project Skywatch). 101–4</p> <p>Produced a strategic insights product on the organised crime threat to good governance in Australia. 104</p> <p>Produced a strategic assessment on potential vulnerabilities and organised crime exploitation of the Emissions Reduction Fund. 104</p> <p>Produced the <i>Precursor Chemicals Information Resource 2016</i>. 89</p> <p>Enhanced knowledge of the illicit/non-medical use of pharmaceuticals through theft and diversion of chemicals. 90</p> <p>Produced strategic assessments on organised crime involvement in counterfeit food in Australia. 105</p> <p>Produced strategic insights on the factors that will influence the heroin market in Australia. 85</p> <p>Produced a joint report with the FBI on characteristics of cybercrime. 97</p> <p>Produced intelligence briefs on visa and migration fraud. 99</p>	
	<p>KPI 4: Qualitative achievements—analysis</p> <p>We completed all our scheduled work on our flagship strategic products as a core deliverable for this KPI, to build the national serious and organised crime intelligence picture, although not all were published in the reporting period.</p> <p>We also produced major national assessments on cybercrime, illicit firearms and the costs of serious and organised crime.</p> <p>The broad range of topics covered by our intelligence products demonstrates our high level of performance, which is at a similar level to that reported last year.</p>	

Performance scorecard against KPIs 2015–16 (continued)

UNDERSTAND (continued)

We have a national intelligence picture on current and emerging threats. All of our partners contribute to it and use this to guide their response to serious and organised crime


KPI	Achievements	Page				
UNDERSTAND KPI 4 (continued): The ACC interprets and analyses national holdings to create a national serious and organised crime intelligence picture.	KPI 4: Quantitative achievements—results and analysis				53 and Chapter 2	
	Product type	2012–13	2013–14	2014–15		2015–16
	Analytical					
	Flagship products (<i>Picture of Criminality in Australia suite</i>)	4	5	5*		1**
	Strategic assessments, Strategic insights, Discussion papers	12	12	25		21
	Operational analysis	72	44	21		39
	Intelligence briefs and issues reports	91	92	82		63
	Tactical					
	Information reports	1,335	1,618	1,789		1,859
	Other tactical information	352	393	394		635
	Automated alerting	N/A	N/A	4,333		25,515
	Total (all products)	1,866	2,164	6,649***		28,133
	Number of agencies we shared analytical and tactical products with	193	254	265***		176
	<i>*In 2014–15 we incorrectly reported six Flagship products due to the inclusion of a reissued 2013–14 product.</i>					
	<i>**This year, one of our usual Flagship products moved to biennial reporting, while other Flagship products produced during the year were not formally disseminated in the reporting period.</i>					
	<i>***On page 4 of last year's report, we reported that we shared intelligence products with 256 agencies. This figure should have been 265. On page 30, we reported that we shared 6,550 products. This figure should have been 6,650. These were typographical errors.</i>					
The production of products and the breadth of sharing will always be contingent on the specific work we conduct in any year. Of note is the reduction in the number of agencies we shared analytical and tactical products with this year. This is largely due to the cessation of the National Indigenous Intelligence Task Force. While this task force ceased in 2013–14, we continued to disseminate products to the wide range of stakeholders involved during 2014–15. However, those stakeholders are not among the agencies we shared analytical and tactical intelligence with this year.						
This year's results sees some variances both up and down in the differing product types and is within the normal variations we would expect to see year-to-year. The outlying trend is the large and continuing increase in alerting products due to the continuing development of this new service.						
Percentage of stakeholder survey respondents who agree or strongly agree we achieved this KPI.						
2013–14	2014–15		2015–16			
91%	88%		79%			
Although this result represents solid performance , we will be exploring the decline in performance against this KPI during the coming year and in our next stakeholder survey.						

138


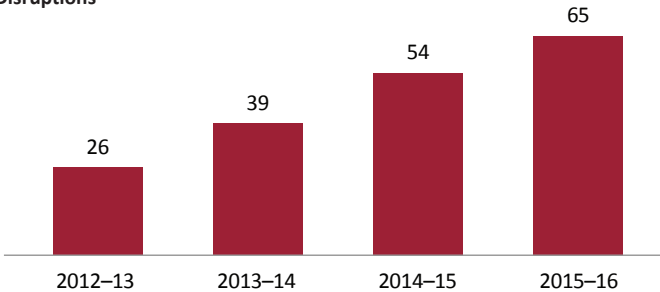
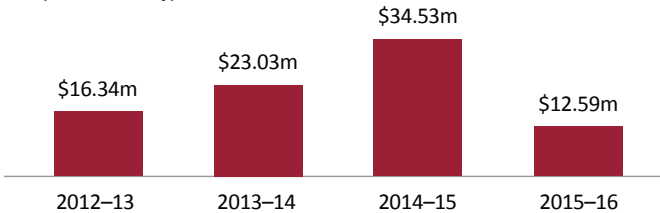
RESPOND

Prevent: It is harder for serious and organised criminals to operate in Australia; the vulnerabilities they seek to exploit have been reduced.

Disrupt: Serious and organised criminal enterprises are disrupted, disabled and dismantled through an effective enforcement regime and regulation, policy and legislation responses.

KPI	Achievements	Page						
<div>RESPOND</div> <div>KPI 5: The ACC informs and influences the hardening of the environment against serious and organised crime.</div> <div></div> <div>Summary</div> <div>Overall we demonstrated a similar level of performance against this indicator as compared with previous years, noting the decline in our stakeholder survey result against this KPI.</div>	<div>KPI 5: Qualitative achievements—results</div> <div>Uncovered systemic abuse of cheque encashment services to facilitate tax evasion and money laundering.</div> <div>Contributed to the National Ice Taskforce.</div> <div>Contributed to Australia's Cyber Security Strategy.</div> <div>Contributed to government considerations regarding licensing the use of cannabis for medicinal and research purposes.</div> <div>Contributed to the review of the anti-money laundering/counter terrorist financing regime.</div> <div>Contributed insights to parliamentary committees, national and international forums to inform and influence decisions and national responses.</div> <div>Provided advice on Commonwealth public sector bribery and whether there is intelligence to support concerns of systemic corruption (Project Sycamore).</div> <div>Identified an independent money remitter laundering proceeds of crime, leading to cancellation of their registration (Project Eligo).</div>	<div>64</div> <div>21, 52 and 88–9</div> <div>20 and 97</div> <div>50</div> <div>50, 60 and 64</div> <div>50–2</div> <div>100</div> <div>64</div>						
	<div>KPI 5: Qualitative achievements—analysis</div> <div>Our performance to prevent and harden the environment against serious and organised crime continues some of the themes reported in previous years, such as work in the alternative remittance sector (related to money laundering) and illicit drugs. This year we also contributed to hardening the environment against cybercrime, public sector bribery and illicit tobacco.</div>							
	<div>KPI 5: Quantitative achievements—results and analysis</div> <div>Percentage of stakeholder survey respondents who agree or strongly agree we achieved this KPI</div> <table><tr><th>2013–14</th><th>2014–15</th><th>2015–16</th></tr><tr><td>83%</td><td>78%</td><td>66%</td></tr></table> <div>We will be exploring the decline in the stakeholder perception of our performance against this KPI during the coming year and in our next stakeholder survey.</div>	2013–14	2014–15	2015–16	83%	78%	66%	<div>138</div>
	2013–14	2014–15	2015–16					
	83%	78%	66%					

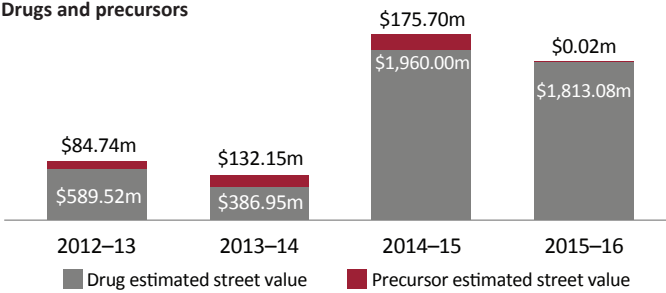
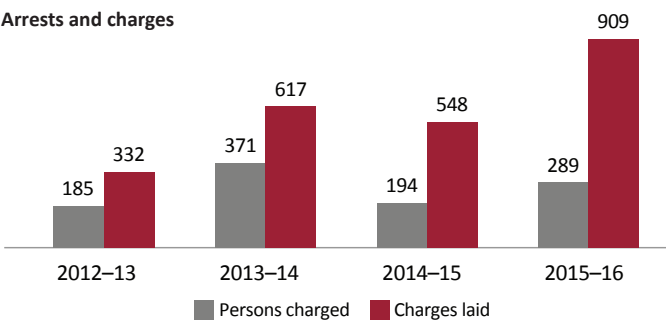
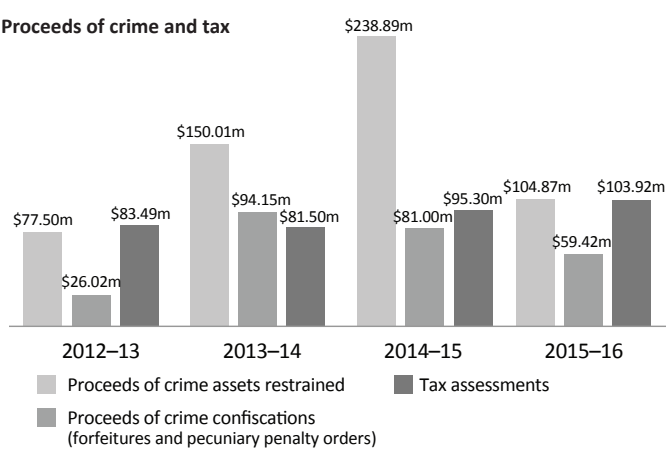
Performance scorecard against KPIs 2015–16 (continued)

RESPOND (continued)																						
<i>Prevent:</i> It is harder for serious and organised criminals to operate in Australia; the vulnerabilities they seek to exploit have been reduced.																						
<i>Disrupt:</i> Serious and organised criminal enterprises are disrupted, disabled and dismantled through an effective enforcement regime and regulation, policy and legislation responses.																						
KPI	Achievements	Page																				
<div>RESPOND</div> <div>KPI 6: The ACC influences or enables the disruption, disabling or dismantling of serious and organised crime.</div> <div></div> <div>Summary Overall we demonstrated a similar level of performance against this indicator as compared with previous years.</div>	<div>KPI 6: Qualitative achievements—results</div> <div><p>We have been recording our disruption-related results for many years and so are able to provide comprehensive trend data for this KPI.</p><p>There can be many influences on these trends including changing priorities, funding cycles, staffing numbers, and operational cycles that do not always lead to disruption-related results within a given reporting year.</p><p>It is usual to see results go up and down from year-to-year, particularly on measures where one very large outcome (such as a drug seizure) or activity can spike a year's result. As such, a longer-term view of results is required for useful comparison.</p><p>Overall these results show a comparable level of performance, noting due to our shifting focus to target money laundering at a more 'upstream' offshore level, the impact is spread more internationally, which means our onshore results are different this year.</p></div> <div>Disruptions</div> <div><table><tr><th>Year</th><th>Disruptions</th></tr><tr><td>2012–13</td><td>26</td></tr><tr><td>2013–14</td><td>39</td></tr><tr><td>2014–15</td><td>54</td></tr><tr><td>2015–16</td><td>65</td></tr></table><p>The increasing disruption trend over the past few years reflects a range of different strategies undertaken with a range of partners to disrupt serious and organised crime.</p></div> <div>Cash (Australia only)</div> <div><table><tr><th>Year</th><th>Cash (Australia only)</th></tr><tr><td>2012–13</td><td>\$16.34m</td></tr><tr><td>2013–14</td><td>\$23.03m</td></tr><tr><td>2014–15</td><td>\$34.53m</td></tr><tr><td>2015–16</td><td>\$12.59m</td></tr></table><p>Recent years have seen a dedicated focus on money laundering operations in Australia and this has resulted in very high cash seizure results over a number of years, culminating in an unprecedented result of more than \$34 million seized last year. This year's result represents good performance, but the lower onshore seizures reflect our increasing offshore focus on the sources of high-end money laundering impacting Australia through the Eligo 2 Task Force.</p><p>We will examine whether our increasing focus on international seizures conducted in conjunction with international agencies can be measured and reported in future.</p></div>	Year	Disruptions	2012–13	26	2013–14	39	2014–15	54	2015–16	65	Year	Cash (Australia only)	2012–13	\$16.34m	2013–14	\$23.03m	2014–15	\$34.53m	2015–16	\$12.59m	<div>Highlights are included in Chapter 2B</div> <div>Highlights are included in Chapter 2B</div>
Year	Disruptions																					
2012–13	26																					
2013–14	39																					
2014–15	54																					
2015–16	65																					
Year	Cash (Australia only)																					
2012–13	\$16.34m																					
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2015–16	\$12.59m																					

RESPOND (continued)

Prevent: It is harder for serious and organised criminals to operate in Australia; the vulnerabilities they seek to exploit have been reduced.

Disrupt: Serious and organised criminal enterprises are disrupted, disabled and dismantled through an effective enforcement regime and regulation, policy and legislation responses.

KPI	Achievements	Page																		
<div>RESPOND</div> <div>KPI 6 (continued):</div> <div>The ACC influences or enables the disruption, disabling or dismantling of serious and organised crime.</div>	<div>Drugs and precursors</div> <div><table><thead><tr><th>Year</th><th>Drug estimated street value (\$m)</th><th>Precursor estimated street value (\$m)</th></tr></thead><tbody><tr><td>2012-13</td><td>\$589.52m</td><td>\$84.74m</td></tr><tr><td>2013-14</td><td>\$386.95m</td><td>\$132.15m</td></tr><tr><td>2014-15</td><td>\$1,960.00m</td><td>\$175.70m</td></tr><tr><td>2015-16</td><td>\$1,813.08m</td><td>\$0.02m</td></tr></tbody></table><p>Our drug seizure results will vary from year-to-year with operational cycles and will often spike with large seizures. This year, similar to last year, shows a strong result.</p></div>	Year	Drug estimated street value (\$m)	Precursor estimated street value (\$m)	2012-13	\$589.52m	\$84.74m	2013-14	\$386.95m	\$132.15m	2014-15	\$1,960.00m	\$175.70m	2015-16	\$1,813.08m	\$0.02m	<div>Highlights are included in Chapter 2B</div>			
	Year	Drug estimated street value (\$m)	Precursor estimated street value (\$m)																	
	2012-13	\$589.52m	\$84.74m																	
	2013-14	\$386.95m	\$132.15m																	
2014-15	\$1,960.00m	\$175.70m																		
2015-16	\$1,813.08m	\$0.02m																		
<div>Arrests and charges</div> <div><table><thead><tr><th>Year</th><th>Persons charged</th><th>Charges laid</th></tr></thead><tbody><tr><td>2012-13</td><td>185</td><td>332</td></tr><tr><td>2013-14</td><td>371</td><td>617</td></tr><tr><td>2014-15</td><td>194</td><td>548</td></tr><tr><td>2015-16</td><td>289</td><td>909</td></tr></tbody></table><p>Charges laid will vary from year-to-year depending on specific operational activities. Overall this result remains largely consistent with previous trends, noting the charges increases this year, as a result of our work with the jurisdictions on regional high risk crime targets.</p></div>	Year	Persons charged	Charges laid	2012-13	185	332	2013-14	371	617	2014-15	194	548	2015-16	289	909					
Year	Persons charged	Charges laid																		
2012-13	185	332																		
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2014-15	194	548																		
2015-16	289	909																		
<div>Proceeds of crime and tax</div> <div><table><thead><tr><th>Year</th><th>Proceeds of crime assets restrained (\$m)</th><th>Proceeds of crime confiscations (forfeitures and pecuniary penalty orders) (\$m)</th><th>Tax assessments (\$m)</th></tr></thead><tbody><tr><td>2012-13</td><td>\$77.50m</td><td>\$26.02m</td><td>\$83.49m</td></tr><tr><td>2013-14</td><td>\$150.01m</td><td>\$94.15m</td><td>\$81.50m</td></tr><tr><td>2014-15</td><td>\$238.89m</td><td>\$81.00m</td><td>\$95.30m</td></tr><tr><td>2015-16</td><td>\$104.87m</td><td>\$59.42m</td><td>\$103.92m</td></tr></tbody></table><p>In 2013-14 the estimated value of offending for ACC referrals to the Criminal Assets Confiscation Taskforce (CACT) was \$166.49 million, in 2014-15 it was \$80.81 million and in 2015-16 it was \$56.01 million. Results from measures to tackle criminal wealth can take a long time to come to fruition and will vary from year-to-year depending on operational and court timings. This can result in spikes when large results occur in particular years. Overall, our results this year remain solid and were achieved primarily through our contribution to the CACT.</p></div>	Year	Proceeds of crime assets restrained (\$m)	Proceeds of crime confiscations (forfeitures and pecuniary penalty orders) (\$m)	Tax assessments (\$m)	2012-13	\$77.50m	\$26.02m	\$83.49m	2013-14	\$150.01m	\$94.15m	\$81.50m	2014-15	\$238.89m	\$81.00m	\$95.30m	2015-16	\$104.87m	\$59.42m	\$103.92m
Year	Proceeds of crime assets restrained (\$m)	Proceeds of crime confiscations (forfeitures and pecuniary penalty orders) (\$m)	Tax assessments (\$m)																	
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2015-16	\$104.87m	\$59.42m	\$103.92m																	
	65																			

Performance scorecard against KPIs 2015–16 (continued)

RESPOND (continued)

Prevent: It is harder for serious and organised criminals to operate in Australia; the vulnerabilities they seek to exploit have been reduced.

Disrupt: Serious and organised criminal enterprises are disrupted, disabled and dismantled through an effective enforcement regime and regulation, policy and legislation responses.

KPI	Achievements	Page									
RESPOND KPI 6 (continued): The ACC influences or enables the disruption, disabling or dismantling of serious and organised crime.	Number of firearms seized	21									
	<table><tr><th>2012–13</th><th>2013–14</th><th>2014–15</th><th>2015–16</th></tr><tr><td>34</td><td>84</td><td>18</td><td>61</td></tr></table>		2012–13	2013–14	2014–15	2015–16	34	84	18	61	
	2012–13		2013–14	2014–15	2015–16						
34	84	18	61								
<p>We have traditionally tracked and reported the number of firearms seized as part of our investigations. We note, however, that the results are not necessarily indicative of overall agency performance, as the numbers seized will vary depending on the criminal groups being targeted and their use of firearms. For completeness we have included the results this year and will report this data in future annual reports, but not as part of our performance reporting.</p>											
	KPI 6: Quantitative achievements—results and analysis	138									
	Percentage of stakeholder survey respondents who agree or strongly agree we achieved this KPI.										
	<table><tr><th>2013–14</th><th>2014–15</th><th>2015–16</th></tr><tr><td>83%</td><td>83%</td><td>76%</td></tr></table>		2013–14	2014–15	2015–16	83%	83%	76%			
2013–14	2014–15	2015–16									
83%	83%	76%									
	<p>Although our stakeholder survey result against this KPI declined this year, it still represents a solid performance. The reasons behind this decline in stakeholder perception are not clear and will be further explored during the coming year and in next year’s stakeholder survey.</p>										
RESPOND KPI 7: The ACC participates in or coordinates collaboration in joint operations and investigations to prevent and disrupt serious and organised crime.	KPI 7: Qualitative achievements—results										
	Eligo/Eligo 2 National Task Force (money laundering in alternative financial remittance sector—national and international)	61–4									
	Criminal Assets Confiscation Taskforce (recovery of proceeds of crime—national)	65									
	Project Legion/Australian Gangs Intelligence Coordination Centre Task Force Morpheus (outlaw motor cycle gangs/criminal gangs—national)	79–83									
	Project Ridgeline (including sub-projects)	93–4									
	Project Advection (ceased 30 June 2016) (foreign fighters—national)	93–4									
	Project Longstrike/Cyber Security Centre (cybercrime, malware and exploitation of virtual currencies—national)	97–100									
	Project Astor Serious Financial Crime Taskforce (new, from July 2015) (detection of criminal wealth, serious and complex financial crimes—national)	65 and 68									
	Project Macrobust (regional serious and organised crime threats—national)	74									
	Project Sinis (ceased 30 November 2015) (migration fraud—national)	99									
	Maritime task forces (disruption of organised crime exploitation of the maritime sector—New South Wales, Queensland, Victoria)	74									
	Joint Organised Crime task forces/groups (disruption of jurisdictional serious and organised crime groups—New South Wales, Victoria, Western Australia)	75–6 and 82									



Summary

Overall we demonstrated a **similar level of performance** against this indicator as compared with previous years

Prevent: It is harder for serious and organised criminals to operate in Australia; the vulnerabilities they seek to exploit have been reduced.

Disrupt: Serious and organised criminal enterprises are disrupted, disabled and dismantled through an effective enforcement regime and regulation, policy and legislation responses.

KPI	Achievements	Page						
RESPOND KPI 7 (continued): The ACC participates in or coordinates collaboration in joint operations and investigations to prevent and disrupt serious and organised crime.	Project Haldus (vulnerabilities in the aviation sector that may be open to exploitation by serious and organised crime—national)	94						
	Project Petram (domestic criminal exploitation of offshore unregulated bookmakers—national)	100 and 152						
	Project Jacto (exploitation of Australia’s migration system—national)	99						
	KPI 7: Qualitative achievements—analysis							
	Consistent with previous years, we have participated in a considerable number of joint operations, investigations and multi-agency task forces this year. We continue to work collaboratively across a range of crime threats.							
	KPI 7: Quantitative achievements—results and analysis							
	Number of joint operations and investigations							
	<table><tr><th>2013–14</th><th>2014–15</th><th>2015–16</th></tr><tr><td>20</td><td>19</td><td>20</td></tr></table>	2013–14	2014–15	2015–16	20	19	20	Highlights are included in Chapter 2B
	2013–14	2014–15	2015–16					
	20	19	20					
Percentage of stakeholder survey respondents who agree or strongly agree we achieved this KPI								
<table><tr><th>2013–14</th><th>2014–15</th><th>2015–16</th></tr><tr><td>91%</td><td>85%</td><td>83%</td></tr></table>	2013–14	2014–15	2015–16	91%	85%	83%		
2013–14	2014–15	2015–16						
91%	85%	83%						
Although our overall stakeholder survey result is trending down from the very high 2013–14 results, our overall result remains strong .		138						

Snapshot of intelligence products and advice in 2015–16



3 flagship products produced covering past, present and future picture of criminality in Australia

- **Organised Crime Threat Assessment 2016**
- **Illicit Drug Data Report 2014–15**
(produced in 2015–16, released in 2016–17)
- **Organised Crime 2025**
(produced in 2015–16, to be released)



2,618 intelligence products shared with 176 agencies (excluding automated alerts)



8 strategic insights products on serious and organised crime threats, groups, vulnerabilities and markets



25,515 automated alerts on significant criminal targets



Evidence provided to **parliamentary enquiries** into methylamphetamine, third party certification of food and illicit tobacco



12 strategic assessments of crime types, markets or criminal issues



85% of stakeholders surveyed agree we **produce useful intelligence**
76% of stakeholders surveyed agree we **fill intelligence gaps**

2A Our intelligence products and advice

Aim: Build the national picture of serious and organised crime

The more we know about organised criminal activities, methods and emerging threats, the more effective we are in breaking the business of serious and organised crime.

We provide our partners with the most comprehensive strategic picture available of serious and organised criminal activities in Australia.

We build up a national picture by fusing and analysing intelligence we gather from our investigations and intelligence operations, and intelligence feeds from partner agencies.

Result: More informed responses

We achieve our aim by producing intelligence products, advice and recommendations that enhance national understanding of the organised criminal environment and inform collaborative responses, both immediate and longer-term including hardening the environment against such crime.

Much of our intelligence is classified and only shared with partner agencies. However, we increasingly share intelligence with private industry and release unclassified information to the public to help prevent or harden the environment against serious and organised crime threats.

Flagship publications

Our flagship publications, collectively called the *Picture of Criminality in Australia*, are:

- *Organised Crime Threat Assessment*—current and emerging threats (classified)
- *Organised Crime in Australia*—current and emerging threats (public)
- *National Criminal Target Report*—threat and risk posed by known targets (classified)
- *Illicit Drug Data Report*—statistical overview and analysis of illicit drug markets over the past 12 months (public)
- *Organised Crime 2025*—likely future trends (classified).

Organised Crime Threat Assessment

Our biennial, classified market-based risk assessment examines Australia's key illicit markets and the activities that enable serious and organised crime. Markets include illicit drugs, economic crime (such as cybercrime and investment and financial market fraud), specific crime markets (such as firearms and environmental crime), and crimes against the person (such as human trafficking and slavery and sexual exploitation of children).

We assess the dynamics of each market, including the capability and intent of the known actors within the illicit markets. We also assess each market's demand and supply drivers, and the harms and consequences resulting from each market, to establish overall levels of risk. In addition, we assess the illicit activities that are 'key enablers' for serious and organised crime. These are money laundering, technology, professional facilitators, identity crime, public sector corruption, and violence and intimidation.

The *Organised Crime Threat Assessment* is based on analysis of all available and relevant information and intelligence from within the ACC, as well as from our international, Commonwealth, state and territory partners. Our assessment underpins the Commonwealth's National Organised Crime Response Plan and informs high level decision-making by identifying where additional response strategies might be required and where there may be gaps in our understanding of an issue.

The assessment changes over time, reflecting the changing risks posed to Australia by new and emerging markets. For example, this year we added professional facilitators to the key activities that enable organised crime. In the contemporary, complex, digital organised crime environment—where criminal activities and groups often span multiple international jurisdictions—professional facilitators are increasingly important to criminals seeking to obscure their identity, minimise their risk of detection, conceal their illicit wealth, and operate within the cracks in current legislation and regulatory regimes.

Our *Organised Crime Threat Assessment 2016* also highlights the ongoing significant risk to Australia posed by the methylamphetamine market, and the ongoing threat posed by cybercrime and technology-enabled crime.



Congratulations on this strongly written, rigorously researched and insightful iteration of the Organised Crime Threat Assessment.

Department of Agriculture and Water Resources

Organised Crime in Australia

The *Organised Crime in Australia* report is a biennial, unclassified version of the *Organised Crime Threat Assessment*.

The report highlights the widespread impact of organised crime on everyday Australians. It informs government, industry, the private sector and the community about key crime markets and enablers, and how they pose a threat to the Australian community. It demonstrates that while organised crime remains involved in lucrative traditional crime markets, such as illicit drugs, its reach is now extremely diverse. Key characteristics include integration into legitimate markets to conceal criminal activity, exploitation of new technologies and online environments, and globalisation of criminal operations.

Engaging with the community is vital to successfully combating organised crime. When the community is informed and able to identify and report suspected criminal activity, it strengthens Australia's ability to harden the environment against serious and organised crime.

Our next *Organised Crime in Australia* report is due in 2017.

National Criminal Target Report

While the *Organised Crime Threat Assessment* looks at the 'what' of organised crime, the *National Criminal Target Report* looks at the 'who'.

Our publication schedule for this classified report has changed from annual to biennial, with the next report due to be released in 2017. The report provides decision-makers with a consolidated national picture of the risk posed by serious and organised crime groups affecting Australia. It informs both operational law enforcement work and strategic measures to combat serious and organised crime.

Our most recent *National Criminal Target Report*, released in July 2015, details emerging criminal markets, changes in risk and geographic footprints, as well as strategic links to wider-government initiatives including the National Ice Taskforce.

The report combines analysis of national and regional data from the National Criminal Target List with qualitative intelligence compiled by multi-agency Joint Analyst Groups in each state and territory.²

The involvement of a wide range of Commonwealth, state and territory agencies ensures the report accurately captures a holistic national picture of organised crime. We will begin collecting information and intelligence for our next *National Criminal Target Report* later this year.

² Jurisdictional Joint Management Groups coordinate state law enforcement efforts. Each is supported by a Joint Analyst Group that delivers shared intelligence outcomes and supports national information sharing protocols.

Illicit Drug Data Report

Our *Illicit Drug Data Report*, now in its 13th edition, informs Australia's understanding of and collective response to the illicit drug threat. The report covers the previous year's arrests, seizures, purity levels, profiling data and prices. This annual statistical overview is based on data from our Commonwealth, state and territory partners, as well as academic and health data. The only report of its type in Australia, the *Illicit Drug Data Report* provides an important evidence base to assist decision-makers develop strategies to address the threat posed by illicit drugs.

The *Illicit Drug Data Report 2014–15* found that the methylamphetamine market remains the primary concern and also reported notable statistics across other drug markets. Significant findings include:

- a record 105,862 national illicit drug seizures
- a decrease in the weight of illicit drugs seized nationally from 27 tonnes to 23.5 tonnes (last year's *Illicit Drug Data Report 2013–14* showed fewer seizures but included a record 10 tonne seizure of the precursor chemical benzaldehyde)
- a record 133,926 national illicit drug arrests, including an increase in arrests across all illicit drug categories
- an increase in the number of national illicit drug seizures across all illicit drug categories, except the category of 'other and unknown—not elsewhere classified' drugs
- a record 514.4 kilograms of national amphetamine-type stimulants seizures and 35,468 arrests
- a record number of national cannabis seizures (59,271) and arrests (75,105)
- a record number of national cocaine seizures (weighing over half a tonne) and arrests (2,092)
- the highest reported number of national heroin seizures (1,914) and weight (477 kilograms) in the last decade
- a decrease in the number of clandestine laboratories detected nationally, although the number of 3,4-methylenedioxymethamphetamine (MDMA) clandestine labs and the number and weight of MDMA precursor detections increased
- a 1,756.2 per cent increase in the weight of steroids seized
- a 2,417.1 per cent increase in the weight of other opioid seizures, with a record 740 kilograms seized (a large proportion of this related to a single seizure of poppy seeds).

In addition, for the first time the report contained waste water data on methylamphetamine, MDMA and cocaine, with reporting indicating that methylamphetamine use in the community has been increasing since 2009–10. This report was publicly launched in early 2016–17.

Organised Crime 2025

During this year we prepared *Organised Crime 2025*, the third in our series of strategic foresight products that examine factors likely to affect the Australian criminal environment over the next decade.

In these products we discuss key elements of change and interpret emerging patterns of behaviour that may result in significant change in the organised crime environment. This includes trends in demographics, economics, technology, globalisation, employment and illicit markets.

Organised criminal networks rapidly innovate and respond to these trends and any resulting vulnerabilities in order to make a profit. In analysing the potential implications of these trends, we assess some of the most likely threats, risks and opportunities for discovering, understanding and responding to serious and organised crime over the next decade.

We will share this classified product with key stakeholders, including our law enforcement partners, to inform decision-making on proactive response strategies, including structural development and operational priorities.

Strategic assessments and insights

Alongside our flagship strategic intelligence products, we produced strategic assessments and strategic insights products on a range of topics this year.

Strategic assessments

Our strategic assessments provide ACC Board member agencies and other relevant agencies with assessments of crime types, markets or criminal issues of national importance. These products support and influence a range of intelligence, operational and response decisions, and inform government consideration of future strategies including policy development.

In 2015–16 year we produced strategic assessments on:

- the costs of serious and organised crime (see page 49)
- abuse of the cheque encashment industry (see page 64)
- illicit firearms (see page 99)
- encrypted communications (see page 99)
- criminal exploitation of the virtual currency market (see page 100)
- potential vulnerabilities in Australia's Emissions Reduction Fund (see page 104)
- counterfeit food in Australia (see page 105).

Strategic insights

Our strategic insights products provide new insights into serious and organised crime threats, groups, vulnerabilities, methodologies or markets. These products reflect key strategic observations and learnings from ACC and partner intelligence and investigations, often based on the use of our coercive examinations or covert capabilities. Intended for stakeholders with an in-depth understanding of the organised crime environment, our strategic insights products provide decision-makers with a quick understanding of changes or emerging issues or threats. They inform and influence appropriate operational, regulatory and policy responses.

This year we produced strategic insights on:

- exploitation of online foreign trading (see page 59)
- organised crime threat to good governance (see page 104)
- the Australian heroin market (see page 85).

We also produced a range of classified strategic assessments and insights products on topics including bribery, cybercrime, outlaw motor cycle gang movements, and terrorist funding.

National Criminal Intelligence Priorities

The National Criminal Intelligence Priorities (NCIPs) provide a summary of known national criminal threat affecting Australia, and a basis for considering allocation of resources and operational deployments.

The ACC Board establishes the NCIPs following advice from the ACC and the Australian Criminal Intelligence Forum (see page 153), which reviews the NCIPs and ensures they are an up-to-date reflection of the dynamic criminal environment at the Commonwealth, state and territory level.

The NCIPs guide a diverse range of intelligence collection as well as national reporting and are usually reviewed every two years.

SPOTLIGHT ON...

Costs of serious and organised crime

We estimate serious and organised crime costs the Australian economy \$36 billion a year. This is the equivalent of \$1,561 for every man, woman and child in Australia.

The costing is the result of extensive analysis we undertook in conjunction with pre-eminent economist and criminologist, John Walker, and researchers from the Australian Institute of Criminology. We explain the breakdown in our report, *The Costs of Serious and Organised Crime in Australia 2013–14*, which was released publicly in December 2015.

This was our first attempt to breakdown the costs of serious and organised crime affecting Australia, and the resulting estimate is more than double our previous conservative figure of \$15 billion. The \$36 billion includes the costs of serious and organised criminal activity and the costs of prevention and response activities. Rather than indicating an increase in organised crime costs, this figure reflects a more rigorous approach to the costing methodology.

Costing a black market is difficult and necessarily requires use of sensitive data and information. Our work provides a comprehensive start to understanding the true costs of serious and organised crime for Australia. Measuring these costs helps us understand the impact of organised crime on the community. Importantly, it also informs how Australia responds.

For example, understanding the costs will help:

- drive effective and efficient responses that reduce serious and organised crime and the costs on the community
- inform government's evaluation of the effectiveness and return on investment from existing measures against serious and organised crime
- inform priority setting and resource allocation to ensure the highest risk serious and organised crime threats are properly addressed
- provide meaningful insight into the pervasiveness of serious and organised crime across the community.



Policy submissions and advice

An important aspect of our response to serious and organised crime is prevention. This includes informing and influencing decisions about policy responses, intelligence priorities and improving capabilities.

Contributing to national policy issues and responses

During 2015–16 we were actively involved in a range of national policy issues and responses including:

- contributing to the implementation of relevant recommendations of the National Ice Action Strategy developed under the National Ice Taskforce, including identifying new ways to tackle the threat
- actively shaping Australia's Cyber Security Strategy to strengthen Australia's cybercrime intelligence capability
- working closely with the Attorney-General's Department and Department of Health to shape the *Narcotic Drugs Amendment Act 2016*, which creates a licensing scheme for the use of cannabis for medicinal and research purposes, to commence in October 2016—our contribution to this scheme is important to strengthen the regime against serious and organised crime infiltration
- contributing to the review of the anti-money laundering/counter-terrorism financing regime
- engaging with the Australian Law Reform Commission and contributing to the inquiry commissioned by the Attorney-General into Commonwealth laws that encroach on traditional rights, freedoms and privileges.

Developing new policy initiatives

During the year we developed successful proposals for funding under the *Proceeds of Crime Act 2002* for significant capability development.

We also obtained funding for new policy initiatives, including:

- \$5.1 million over five years for upgraded physical and personnel security
- \$16 million over four years to enhance Australia's cybercrime intelligence capability (see page 97)
- \$3.6 million over three years to coordinate the national waste water analysis program (see page 88)
- \$1 million to enable the real-time, secure transfer of intelligence between surveillance teams in the field during investigations.

Informing reviews, national forums and international policy

We contributed to the Government's legislated periodic review of the ACC Act in July 2015. The purpose of this review was to assess the effectiveness of the ACC Act in enabling us to fulfil our role as Australia's national criminal intelligence agency during the five year period under review.

In 2015–16 we also actively contributed to a wide range of national serious and organised crime forums and whole-of-government decisions. This included supporting domestic and international policy and legislative responses to organised crime and security issues.

At the national level, our CEO supported the Commonwealth Attorney-General and Minister for Justice during their attendance at the Law, Crime and Community Safety Council. In addition, our CEO is a member of, and contributes to, the Heads of Commonwealth Operational Law Enforcement Agencies committee, the National Justice and Policing Senior Officers Group, the National Intelligence Coordination Committee and the Cyber Security Operations Board.

Our Executive Directors represent the ACC at the Cyber Policy Group and Cyber Security Group, the National Cybercrime Working Group, and the Senior Officer's Group on Organised Crime.

In addition, we actively participated in international policy development through our attendance at the United Nations General Assembly Special Session on the World Drug Problem with the Australian delegation in April 2016.

Contributing to parliamentary inquiries

Throughout the year we contributed to parliamentary inquiries affecting national law enforcement capability, including the following examples.

- *Parliamentary Joint Committee on Law Enforcement Inquiry into crystal methamphetamine (ice)*—We appeared before a Committee hearing on 14 October 2015 with the Attorney-General's Department, Department of Immigration and Border Protection, Australian Federal Police, and AUSTRAC. We provided evidence based on our earlier submission, including a national overview of the methylamphetamine market and the role of organised crime, current law enforcement responses and legislative frameworks, as well as policy responses including the National Drug Strategy, National Ice Taskforce and *National Organised Crime Response Plan 2015–18*.
- *Senate Economics Committee inquiry into the third party certification of food*—We appeared before a public hearing on 24 September 2015, providing evidence that we are not aware of any direct links between the legitimate halal certification industry and money laundering or the financing of terrorist groups.
- *Parliamentary Joint Committee on Law Enforcement Inquiry into illicit tobacco*—We appeared before a Committee hearing on 4 March 2016 with the Australian Federal Police and Department of Immigration and Border Protection. We continue to support Commonwealth efforts to address the risk posed by illicit tobacco.

Other products

In addition to our strategic criminal intelligence, we produced a range of other products including:

- **Reports and briefs**—We produced 64 of these analytical products during the year, informing heads of government agencies, senior policy makers and ACC stakeholders of emerging criminal issues or events. These include regular intelligence summaries, reports on current and emerging issues and intelligence briefs.
- **Operational analysis**—We produced 39 of these analytical products this year. These advise on current, emerging and predicted criminal trends, methodologies, activities, vulnerabilities and associated impacts. They also inform immediate operational decisions as well as decisions for the next planning cycle.
- **Tactical intelligence products**—We produced 2,494 information reports and other information this year. This is our main way of recording and sharing information derived from operational activity.
- **Automated alerting**—We produced 25,515 alerts this year. This service commenced in December 2014 and continues to expand (see page 77 for further details).

ACC intelligence and other outputs in 2015–16

Product type	2012–13	2013–14	2014–15	2015–16
Analytical				
<i>Picture of Criminality in Australia</i> suite	4	5	5*	1**
Strategic assessments	12	12	7	12
Strategic insights	N/A	N/A	16	8
Operational analysis	72	44	21	39
Intelligence briefs and issues reports	91	92	82	63
Discussion papers	N/A	N/A	2	1
Tactical				
Information reports	1,335	1,618	1,789	1,859
Other tactical information	352	393	394	635
Automated alerting	N/A	N/A	4,333	25,515
TOTAL (all products)	1,866	2,164	6,649	28,133

* In 2014–15 we incorrectly reported six Flagship products due to the inclusion of a reissued 2013–14 product.

** This year, one of our usual Flagship products moved to biennial reporting, while other Flagship products produced during the year were not formally disseminated in the reporting period.

- **Responses to requests for information**—We also responded to requests for information from national and international partners with 1,241 disseminations. A significant proportion of these have historically been responses to firearm trace requests, and since the Australian Gangs Intelligence Coordination Centre (AGICC) commenced in December 2013, it has also represented a significant and increasing proportion of responses. Our firearms trace responses will sometimes include firearm details or may provide a nil response, and both can be useful to an investigating agency. To better illustrate the effort expended responding to requests for information, we have also included where nil holdings have been identified. This year we received 872 firearms trace requests, a slight decrease from last year's total of 926 (note, this was reported incorrectly as 540 last year).

Responses to requests for information

Year	2013–14			2014–15			2015–16		
	Information provided	Nil holdings	Total	Information provided	Nil holdings	Total	Information provided	Nil holdings	Total
General requests	31	Not available	31	179	144	323	146	193	339
AGICC/ gang related	83	Not available	83	175	37	212	378	40	418
Firearms trace	246	Not available	246	302	238	540	209	275	484
Subtotal	360		360	656	419	1,075	733	508	1,241

Intelligence products and advice scorecard 2015–16

Aim of our criminal intelligence work	How we achieved this aim	Contribution to ACC's key performance indicators		
		Discover	Understand	Respond
Build the national picture of serious and organised crime activities in Australia including by: <ul style="list-style-type: none"> producing useful intelligence that identifies and provides insights on new and emerging serious and organised crime threats filling intelligence gaps by identifying vulnerabilities and indicators of serious and organised crime interpreting and analysing national holdings to create a national serious and organised crime intelligence picture informing and influencing hardening of the environment against serious and organised crime. 	Produced flagship publications, strategic assessments and other products, which we shared with partner agencies and more broadly as appropriate.	✓	✓	
	Informed policy and legislative reform and other national responses.	✓	✓	✓
		Achieved	Achieved	Achieved

Note: Success in achieving ACC key performance indicators is measured against the collective achievement across all criminal intelligence work.

In addition to the indicators above, our stakeholder survey provides further feedback. Details are on page 137.

Snapshot of investigations and intelligence operations work in 2015–16



More than **\$1.81 billion** illicit drugs and precursor chemicals seized (estimated street value)



\$59.42 million worth of assets forfeited or recovered



289 people arrested on **909** charges



\$103.92 million worth of tax assessments issued



52 people convicted



45 criminal targets added to the National Criminal Target List by the ACC



202 coercive examinations improved national understanding



103 previously unknown criminal entities identified



65 disruptions to criminal entities



Outlaw motor cycle and other gang threats targeted through the **Australian Gangs Intelligence Coordination Centre**



More than **\$12.59 million** cash seized

- provided **628** intelligence products
- responded to **418** requests for information



\$104.87 million worth of assets restrained



41,341 reports to the Australian Cybercrime Online Reporting Network



132 entities referred to the Criminal Assets Confiscation Taskforce with an estimated value of offending of **\$56.01 million**



76% of stakeholders surveyed agree we influence or enable the **disruption or dismantling of serious and organised crime**

2B Our investigations and intelligence operations

Aim: Break the business of serious and organised crime

We break the business of serious and organised crime by working with our partners on investigations, operations and associated task forces.

Our operations gather intelligence about criminal activity to understand the extent, impact and threat, while our investigations collect intelligence and evidence to disrupt and deter criminal groups.

Our Board determines whether these investigations and operations are deemed 'special', which authorises the use of our coercive powers where traditional methods are not expected to be, or have not been, effective.

In 2015–16, as guided by our *Corporate Plan 2015–19*, we focused on the following priorities:

- tackling criminal profit
- tackling highest risk criminals
- tackling criminal gangs
- informing responses to Australia's illicit drug markets
- contributing to national security
- making Australia a more hostile place for serious and organised crime.

Result: Reduced serious and organised crime threats of most harm

We achieve our aim by contributing to 65 disruptions to criminal entities.

The arrests and charges resulting from our work in this and previous years, resulted in 52 people being convicted this year.

In addition, we achieved our KPIs of:

- producing useful intelligence that identified and provided insights into new and emerging threats
- filling intelligence gaps by identifying vulnerabilities and indicators of serious and organised crime
- interpreting and analysing national holdings to create a national serious and organised crime intelligence picture
- informing and influencing hardening of the environment against serious and organised crime
- influencing or enabling the disruption, disabling or dismantling of serious and organised crime
- participating or coordinating collaboration in joint investigations and operations to prevent and disrupt serious and organised crime.

Tackling criminal profit

Profit motivates almost all organised crime. Providing intelligence to identify and stop criminal money flows is one of the most effective ways to disrupt and reduce the harm caused by criminal networks.

We tackle criminal profit through our:

- Targeting Criminal Wealth No. 2 Special Investigation
- ACC-led Eligo 2 National Task Force
- contribution to the Criminal Assets Confiscation Taskforce, led by the Australian Federal Police
- contribution to the multi-agency Serious Financial Crime Taskforce.

Targeting Criminal Wealth No. 2 Special Investigation

Through our Targeting Criminal Wealth No. 2 Special Investigation we work with our partners to investigate and produce intelligence that helps tackle money laundering, serious and organised superannuation and investment fraud, sophisticated tax evasion, and also confiscate criminal wealth.

Achievements—discovering and understanding

Our efforts to discover and understand criminal profit through our Targeting Criminal Wealth No. 2 Special Investigation this year also assisted with achieving the objectives of other special investigations and operations, including by identifying and disrupting highest risk criminal targets (see page 72) and disrupting illicit drug markets (see page 84).

During the year we conducted **39 coercive examinations** to investigate criminal activity and inform law enforcement, national security, regulatory and policy agencies around the country.

We added **20 criminal entities** to the National Criminal Target List.

We discovered, and provided partners with a better understanding of, methodologies, groups and criminal targets—in particular, identifying **103 previously unknown criminal targets** related to money laundering (through the original Eligo National Task Force and Eligo 2 National Task Force).

A total of **547 intelligence products** were shared with partners through 1,149 disseminations—building greater understanding of emerging issues such as:

- criminal exploitation of encrypted communications
- offshore investment fraud
- money laundering typologies

- previously unidentified professional money laundering syndicates operating transnationally that affect Australia
- legal and regulatory vulnerabilities within the financial sector, including those being exploited by professional facilitators of criminal activity, in particular serious financial crime
- proceeds of crime and unexplained wealth links.

For example, this year we explored:

- *Alternative banking services*—this intelligence brief examined the threat posed by online banking interfaces, which sit above and coordinate single or multiple bank accounts. These services, supported by company structures in various international locations, allow transactions to be conducted with a significant level of anonymity. This anonymity, along with ease of use, makes alternative banking services attractive to criminal entities looking to engage in covert value movements.
- *Exploitation of online foreign exchange trading*—this strategic insights paper examined the ways in which serious and organised crime has been exploiting the online foreign exchange (FOREX) trading platforms that allow retail customers to engage in FOREX trading. FOREX trading involves swapping or trading one currency for another, making a profit or loss when one currency increases or decreases in value. This trading is likely to be attractive to those engaged in money laundering because markets are highly liquid and operate internationally, enabling high levels of anonymity.
- *Targeting of Australian self-managed superannuation funds*—this intelligence brief explored the vulnerabilities of self-managed superannuation funds (SMSFs) to exploitation by serious and organised crime groups, including fraud and money laundering. In particular, we noted that some organised crime groups targeting Australian SMSFs have committed similar frauds in numerous overseas jurisdictions. Due to their complex global networks of professional advisers, their level of sophistication and ability to adapt their activities in line with regulatory changes, these groups have remained resistant to intervention by law enforcement and regulatory agencies. The multi-agency Serious Financial Crime Taskforce is using our intelligence to help drive both operational and policy responses.

Achievements—responding

Our work to discover and understand criminal wealth and money flows enables effective disruption and prevention responses.

Disruptions

During 2015–16 our work through the Targeting Criminal Wealth No. 2 Special Investigation resulted in disruptions including:

- 132 entities referred to the Criminal Assets Confiscation Taskforce with an estimated value of offending of \$56.01 million
- \$10.02 million cash seized
- \$103.87 million worth of assets restrained
- \$58.51 million worth of assets forfeited or recovered
- \$103.92 million worth of tax assessments issued
- 13 criminal entities disrupted
- \$742.58 million estimated street value of illicit drugs seized
- 363 charges against 149 people
- 39 people convicted.

Prevention

In terms of prevention, we uncovered extensive and **systemic abuse of cheque encashment services** to facilitate tax evasion and money laundering—informing possible regulatory change (see page 64).

In addition, we are producing a strategic assessment on the role of **professional facilitators** in enabling serious financial crime. This will support long-term strategic policy and preventative initiatives. Professional facilitators are one of the key priorities for the Serious Financial Crime Taskforce. The Taskforce's working groups will work closely to support long-term strategic policy and preventative initiatives stemming from the development of intelligence products about professional facilitators.

We are also working with the **International Five Eyes Law Enforcement Group** to promote shared understanding of money laundering and proceeds of crime related threats and coordinated approaches to reduce them. This is contributing to a common understanding of specific threats and a coordinated approach by joint agencies to reduce or remove these threats, promote intelligence databases and cultures that maximise information sharing, and share methodologies and best practice to improve organisational capabilities.

We contributed to Australia's first follow-up report to the international Financial Action Task Force, following the 2015 mutual evaluation of Australia's anti-money laundering and counter-terrorism financing regime. The report outlines actions taken since the completion of the mutual evaluation and identifies upcoming priorities to improve compliance with Financial Action Task Force standards by 2018, and to improve effectiveness by 2020.

Eligo National Task Force

The ACC-led Eligo National Task Force was originally established in late 2012 to respond to the high risk of money laundering through the alternative remittance sector and informal value transfer systems.

Expanding international focus

On 9 September 2015 the ACC Board approved the establishment of the Eligo 2 National Task Force, to focus on high priority international and domestic money laundering operators that have the potential to seriously impact Australia's national economic wellbeing. Eligo 2 is approved to operate until 31 December 2016. Eligo involves the ACC, AUSTRAC, the Australian Federal Police and Commonwealth, state and territory partners. In addition, our international partners now include the Royal Canadian Mounted Police, United Kingdom National Crime Agency, United States Drug Enforcement Administration, United States Federal Bureau of Investigation, United States Immigration and Customs Enforcement, and New Zealand Police.

This international engagement has led to the ongoing secondment of ACC analysts to the United States, Canada, Hong Kong and the United Arab Emirates to help develop intelligence on identified money laundering syndicates as well as serious organised crime syndicates affecting Australia's wellbeing more generally.

The broadening of Eligo's focus is a result of our intelligence that has identified specific international money laundering hubs playing a greater role in facilitating money laundering activity, as well as key individuals and syndicates suspected of controlling the illicit movement of money out of Australia and across the globe. This reflects two broader organised crime trends: engaging professionals for specialist services; and networking between transnational crime syndicates across different crime markets and stages of criminal activity.

These offshore money laundering networks are highly resilient and respond rapidly to regulatory efforts to disrupt their activities, including by:

- diversifying and using a range of money laundering methodologies
- innovating and adapting to increased regulations both in Australia and offshore
- developing capabilities, in particular the use of cyber-enabled technology.

Due to our shifting focus to target money laundering at a more 'upstream' offshore level, the impact is spread more internationally, which means our onshore results are different this year. For an example of international outcomes, see the feature, *Catching an international money launderer*, on page 66.

Eligo outcomes

Eligo's investigative strategy of following the money to tackle money laundering once again revealed other organised crime activities—such as drug trafficking—that are the source of the illicit funds being laundered. As a result, we are able to also disrupt these activities.

In 2015–16 Eligo's approach resulted in a total of \$9.53 million cash seized, drugs with an estimated street value of \$742.39 million being seized, and 142 people facing 339 charges. The highlights described below demonstrate the national scope and reach of Eligo's outcomes.

Drugs off the streets

Methylamphetamine

During the year, Eligo disrupted the national methylamphetamine market, taking \$715.22 million estimated street value of the drug off the streets.

In Perth a record 320 kilograms of crystal methylamphetamine (ice), with an estimated street value of \$320 million, and \$1.4 million cash was seized. Four people were arrested. Other results include approximately 32 kilograms of methylamphetamine seized during search warrants in Perth with one person arrested.

Through Project Eligo Aquillo, 275 kilograms of methylamphetamine, with a street value of approximately \$275 million, was seized in Melbourne following a series of search warrants in June 2016. Our intelligence had identified a syndicate as allegedly responsible for importing illicit drugs into Australia, with subsequent investigations identifying consignments linked to this syndicate. Shipping containers were found to contain packages containing a crystalline substance below the flooring. Once the containers were delivered, search warrants were executed after several people accessed the containers. In July 2016, just outside the reporting period, drug importation charges were laid against one Malaysian and seven Australians.

Other results include 17.5 kilograms of methylamphetamine seized, with one person charged and five people arrested following the seizure of 11 kilograms of methylamphetamine, both in Melbourne.

We also identified links to a drug trafficking organisation of interest to both the United States and Czech authorities. Intelligence provided to Czech authorities led to the seizure of 56.97 kilograms of methylamphetamine destined for Australia and other countries, and the overseas arrests of 10 people.



Thank you...for your commitment, dedication and professionalism....we all agree that this is a great outcome for our agencies....we have conducted a complex operation in challenging conditions....with vital intelligence outcomes.

Western Australia Police



Ice is one of the most damaging drugs available in Australia, so to have more than 320 kilograms removed before it reaches our communities and our homes is a massive win for all Australians.

Chris Dawson, ACC CEO (ACC, Australian Federal Police, Western Australia Police joint media release 10/9/15)

Cannabis

Investigations into cannabis production in South East Queensland resulted in 41 arrests and 114 charges. A total of 23 of those charged were unlawful non-citizens. In total \$14 million in drugs were seized, as well as \$632,000 cash and \$2.26 million in property.

In Adelaide, a house with two rooms used to grow cannabis was located, with approximately 60 kilograms of cannabis seized along with \$5,000 cash. Three visa holders were arrested and Australian Border Force was notified of their visa status. Further related seizures followed, including 45 kilograms of dried cannabis, six cannabis root balls, 12 cannabis plants and approximately \$18,000 cash, with one person arrested. In another matter, two more cannabis grow houses were located in Adelaide and 75 cannabis plants were seized. In addition \$131,000 in bank account funds was frozen and confiscation action started in relation to two properties. One person was arrested.

Ketamine

Three men were arrested in Melbourne for possession of about three kilograms of ketamine, with \$170,000 cash also seized (Project Eligo-Gritstone).

Traffickers sentenced

During the year, earlier Eligo work led to three men sentenced for trafficking 116 kilograms of methylamphetamine in Melbourne. Two of the men were sentenced to 12 years' imprisonment each, with a non-parole period of eight years, and the third was sentenced to 14 years' imprisonment with a non-parole period of 10 years.

Another three people were found guilty of importing 30 kilograms of ice into Melbourne. They were sentenced to a combined 42 years' imprisonment (29.5 years non-parole).

In Melbourne, two people were found guilty of trafficking commercial quantities of methylamphetamine, proceeds of crime and firearms offences. They were sentenced to a combined total of approximately 27 years' imprisonment.

Methodologies and targets identified

Through Eligo's work this year:

- We discovered new technology for encrypted communications suspected to be used by serious and organised crime, following the seizure of 100 high tech encrypted mobile phones in Adelaide. We are doing further work to identify entities using these devices.
- The Altaf Khanani Money Laundering Organisation and Al Zarooni Exchange were made designated entities by the United States Department of the Treasury's Office of Foreign Assets Control (see case study on page 66).
- We identified a new target and seized between 40 and 50 litres of the drug precursor isosafrole (which can be used to produce MDMA) in Sydney, after discovering importation methodologies from an earlier seizure of concealed illicit drugs.
- We identified a change in methodology for importation of border controlled drugs—clothing impregnated with methylamphetamine was sent by parcel post to false names at various addresses. This led to the seizure of three kilograms of methylamphetamine and three arrests. This was a result of coordinated intelligence and operational activity between the ACC, the Australian Federal Police and the Queensland Police Service.
- An independent remittance dealer's registration was cancelled after they were identified as laundering proceeds of crime.

Abuse of cheque encashment services uncovered

Historically, serious and organised crime groups have used cheque encashment services to facilitate money laundering. To mitigate the risk of abuse for money laundering, countries such as the United States and United Kingdom regulate these services under their anti-money laundering legislation. In Australia, however, businesses engaging solely in cheque encashment are not regulated under the *Anti-Money Laundering/and Counter-Terrorism Financing Act 2006*.

Eligo's financial investigations uncovered extensive and systemic abuse of cheque encashment services to facilitate tax evasion and money laundering. We produced a strategic assessment drawing on Eligo case studies, as well as other historic cases. Our assessment recommended a legislative change to capture cheque encashment services under Australia's anti-money laundering regime to better protect these businesses from criminal abuse. This would also level the playing field for all businesses involved in providing these services.

As a result of our work, the final report of the *Statutory Review of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and its Associated Rules and Regulations* recommended a risk assessment of services such as cheque encashment services with a view to regulating these services under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* if they are determined to pose a high risk.

Criminal Assets Confiscation Taskforce

Our response to unexplained wealth is through the Criminal Assets Confiscation Taskforce (CACT), which is led by the Australian Federal Police and also includes the Australian Taxation Office. We ensure a proactive approach by helping to generate and prioritise organised crime targets for proceeds of crime action.

Highlights during 2015–16 include:

- Two luxury motor vehicles, \$2 million in gift cards and approximately \$500,000 in cash was seized in Melbourne, and \$900,000 in a bank account was subject to a freezing order in relation to the seizure of 5.9 million counterfeit cigarettes (Project Astor).
- A total of \$439,950 in cash was seized in Sydney, as suspected proceeds of crime (Eligo).
- Between \$900,000 and \$1 million in cash, suspected of being proceeds of crime, was seized enroute from Sydney to Melbourne (Eligo).
- A sentence of one year and seven months' imprisonment (reduced to a recognisance release order and two years good behaviour) was handed down regarding approximately \$2.3 million reasonably suspected of being proceeds of crime (Eligo).
- In Victoria a restraining order was granted against an unencumbered residential property worth half a million dollars, bank accounts and a motor vehicle (Project Astor). This was a result of the first Commonwealth Unexplained Wealth Application. The unexplained wealth laws require someone who is living beyond their apparent means to justify the legitimacy of their financial circumstances.
- Two people were arrested in Melbourne in relation to a total cash seizure of \$365,000 suspected of being proceeds of crime (Project Eligo-Radnor).

This year we referred 132 entities to the CACT with an estimated value of offending of \$56.01 million.

Overall achievements for the CACT in 2015–16 were:

- \$96.52 million assets restrained
- \$57.41 million assets forfeited
- \$99.42 million tax liabilities raised.

Correction: In last year's report, we incorrectly stated the CACT achieved \$95.3 million tax liabilities raised. The CACT-only tax liabilities figure was \$87.17 million, with the ACC overall figure of \$95.3 million including both the CACT total and tax liabilities generated through other investigations.

CASE STUDY:

Catching an international money launderer

Multiple accounts with money moving just under reportable thresholds, ‘front’ businesses, electronic funds transfers, contracts, investments, cheques, money orders, false payments for goods or services—the money laundering trail is complex and circles the globe.

It is also big business. A United Nations Office on Drugs and Crime study found approximately US\$1.6 trillion in criminal proceeds were laundered in 2009.

Our intelligence reveals the growing role of organisations set up specifically to launder money.

These organisations make money by moving money—disguising and hiding the illicit profits of criminal groups.

Working with our law enforcement partners in Australia and overseas, we played a critical leadership role to help to uncover and disrupt one such business, the Khanani Money Laundering Organisation.


Through the Eligo National Task Force’s investigations into suspicious money flows, we identified Pakistani national, Altaf Khanani, as a financial controller moving money offshore for organised crime networks operating in Australia.

His clients included Chinese, Colombian and Mexican organised crime groups as well as Hezbollah, the Taliban and al-Qa’ida.

We worked closely with the Australian Federal Police and United States Drug Enforcement Administration to identify Khanani’s money laundering methodologies and scope of operations. He was facilitating illicit money movements between Pakistan, the United Arab Emirates, United States, United Kingdom, Canada, Australia and other countries.

Each jurisdiction held a different piece of the puzzle. We were instrumental in driving the collection and collation of intelligence among agencies in the International Five Eyes Law Enforcement Group and more broadly, to bring those pieces together.

Khanani was arrested in Panama in September 2015. In October 2015 the United States Department of the Treasury’s Office of Foreign Assets Control sanctioned the Altaf Khanani Money Laundering Organisation and his Dubai-based money services business Al Zarooni Exchange, designating them under an executive order that targets transnational criminal organisations.



This effectively blacklists the organisations, banning United States citizens from dealing with them and blocking any related property in the United States. The Central Bank of the United Arab Emirates took similar action.

In announcing the sanction, the United States Department of Treasury's Acting Under Secretary for Terrorism and Financial Intelligence, Adam J Szubin, said Khanani's money laundering organisation had exploited 'relationships with financial institutions to funnel billions of dollars across the globe on behalf of terrorists, drug traffickers, and criminal organisations'.

Through this work, we have gained important insights that are helping to identify other networks of similar size and reach.

We will continue to collaborate with our Australian and international partners to work our way up the supply chain of these organisations, to identify and shut down other key international money launderers.



Serious Financial Crime Taskforce

The Government established the multi-agency Serious Financial Crime Taskforce in May 2015 so that Commonwealth agencies could continue working together to combat serious financial crime once funding for the long-running Project Wickenby ended in June 2015.

The Serious Financial Crime Taskforce aligns the priorities and resources of Commonwealth law enforcement and regulatory agencies to target the highest risk priorities, through an intelligence-led approach.

We play a critical role in the new taskforce by:

- producing the biennial Financial Crime Risk Assessment, that provides the basis for prioritising work within the taskforce
- developing targets and generating leads through our unique intelligence collection and analysis capabilities, in particular our coercive powers.

The previous cross-agency task force for Project Wickenby played a pivotal role in the Australian Government's fight against tax evasion and crime. Over a decade, Wickenby audited more than 4,000 offshore scheme cases, raised more than \$2 billion in liabilities and obtained more than 44 criminal convictions. The very close working relationship between Project Wickenby agencies—the Australian Taxation Office, ACC, Australian Securities and Investments Commission, AUSTRAC, the Commonwealth Director of Public Prosecutions and the Attorney-General's Department—was critical to the success of Wickenby.

Ongoing Wickenby outcomes during 2015–16 include:

- a Sydney accountant was sentenced to two years' imprisonment for his role in advising a client on how to move money offshore to entities in Hong Kong and Switzerland, resulting in tax avoidance totalling \$4.5 million
- a person identified from Wickenby Task Force investigations pleaded guilty at a New South Wales District Court to taxation fraud totalling \$1.86 million, and received a two-and-a-half year sentence.



Accountants and lawyers who help clients evade their tax responsibilities by using complicated, deceptive schemes ... will be investigated and prosecuted.

*Charlie Carver, A/g Executive Director Operations, ACC
(Australian Taxation Office media statement 30/10/15)*

Targeting Criminal Wealth No. 2 Special Investigation performance scorecard 2015–16

Aim	How we achieved this aim	Contribution to ACC's key performance indicators		
		Discover	Understand	Respond
<p>Deliver financial intelligence that identifies high value targets and provides new opportunities for law enforcement and regulatory partners.</p> <p>Build national knowledge of money laundering, nationally significant tax fraud and other financially motivated crimes.</p> <p>Help make Australia unattractive for abusive financial arrangements and money laundering.</p> <p>Reduce the impact of superannuation and investment fraud on the Australian community.</p> <p>Produce intelligence that contributes to whole-of-government policies and law enforcement decision-making.</p>	Produced strategic and other intelligence products, which we shared with partner agencies.	✓	✓	✓
	Disrupted global money laundering and drug networks, seized cash and drugs, identified emerging issues and previously unknown criminal targets.	✓	✓	✓
	Supported improved professionalism in the alternative remittance sector.			✓
	Contributed to reviews to understand vulnerabilities.		✓	✓
	Contributed to investigations and prosecutions relating to tax fraud and tax evasion.	✓	✓	✓
	Produced intelligence on the methodologies of previously unknown international professional money laundering syndicates and their operations in Australia and internationally.	✓	✓	✓
	Improved understanding of threats linked to legal and regulatory vulnerabilities in various financial sectors.		✓	
		Achieved	Achieved	Achieved

Note: This table summarises achievements against the aim of this special investigation and aligns those achievements to ACC key performance indicators: Discover, Understand, Respond. Some work meets all three indicators while some activities are appropriately targeted to just one or two indicators. Success in achieving ACC key performance indicators is measured against the collective achievement across all special investigations and operations.

CASE STUDY:

Global problem, global reach

In April 2016, one of the largest ever data leaks shone the international spotlight on secretive offshore tax regimes. The 11.5 million leaked documents from the Panamanian law firm, Mossack Fonseca, exposed how the world's rich and powerful can exploit these regimes to hide money offshore and evade tax.

Among the names in the papers were more than 1,000 Australians, including 80 matches with our criminal intelligence holdings and several names on the National Criminal Target List.


This is just one example of the international reach of our work.

Our intelligence indicates that up to 70 per cent of Australia's serious and organised criminal threats are based offshore or have strong offshore links. In response, we have been strengthening and expanding our international reach, including through collaborations and deployments.

Our international strategy includes placing analysts in countries of strategic importance in our efforts to counteract serious and organised crime threatening Australia. We now have an international footprint in Hong Kong, Dubai and the United States, with upcoming deployments to Canada, Europe and New Zealand. We work in collaboration with key agencies including the Australian Taxation Office and agencies with international networks including the Australian Federal Police, AUSTRAC and the Australian Department of Immigration and Border Protection. Through our offshore deployments we are increasing information and capability exchange on organised criminal activity such as trafficking of illicit commodities and cybercrime. Much of our international work also involves investigating and disrupting global money laundering, fraud and tax-related criminal activities.

While offshore structures and trusts do have a genuine purpose for many individuals and corporations, we believe that many of these structures and trusts are being used to evade tax, avoid corporate responsibility, disguise and hide unexplained wealth, facilitate criminal activity, and launder the proceeds of crime.

In this regard, we are continuing to work with the Australian Taxation Office, Australian Federal Police and other Commonwealth partners on the Serious Financial Crime Taskforce—which replaced the long-running Project Wickenby investigation into tax evasion. This includes analysing and contextualising the Panama papers information. We have already conducted a number of examinations on individuals linked to the Panama papers and this is providing valuable intelligence that will shape future audit and criminal investigation activity.



The Australian Taxation Office's Commissioner of Taxation, Chris Jordan, told the Senate Economics References Committee in April 2016 that the 80 matches in our criminal intelligence holdings 'are not people with outstanding parking fines or traffic infringement notices'.

Deputy Commissioner Michael Cranston added that they ranged from 'very serious—bikie gangs etcetera—all the way through to promoters of tax schemes, which is a serious crime too'.

The Serious Financial Crime Taskforce is coordinating a whole-of-government response to the most serious matters identified in the Panama papers.

This work demonstrates the importance of sharing intelligence to combat this type of crime, something that is made possible through the multi-agency Serious Financial Crime Taskforce.



Tackling highest risk criminals

The highest risk serious and organised crime entities pose a threat to Australia's national interests. They are resilient, well-resourced and capable of exploiting national and international opportunities and connections. They significantly influence illicit commodity markets and are also involved in diverse legitimate sectors to facilitate their criminal activities. A nationally coordinated intelligence and investigative response is essential to combat the ongoing risk posed by these criminals.

We tackle the highest risk criminals through our:

- Highest Risk Criminal Targets No. 2 Special Investigation
- National Criminal Target List
- National Target System
- automated alerting
- state-specific special investigations—Highest Risk Criminal Targets, Victoria and South Australia.

As with much of our work, we draw on the ACC-led National Criminal Intelligence Fusion Capability for our investigations and intelligence gathering to tackle highest risk criminal groups.

Highest Risk Criminal Targets No. 2 Special Investigation

This special investigation provides the umbrella for nationally coordinated investigative and intelligence strategies designed to identify, detect, disrupt and reduce the threat posed by the highest risk serious and organised crime groups impacting Australia.

Achievements—discovering and understanding

A multi-agency response is integral to discover and understand the highest risk serious and organised criminal entities that represent the greatest threat in each state and territory and nationally.

During the year we conducted **33 coercive examinations**, generating intelligence our partners could act on regarding serious and organised crime targets that represent the greatest threat and risk nationally.

We added **18 criminal entities** to the National Criminal Target List.

We produced **943 intelligence products**, which we shared with partners through 2,261 disseminations—building greater understanding about:

- known and previously unknown entities involved in serious and organised crime
- methodologies used in relation to illicit drugs
- illicit firearms trafficking
- activities of entities on the National Criminal Target List
- criminal enterprises of people linked to serious and organised crime groups involved in the illicit tobacco trade
- laundering proceeds of crime
- use of self-storage facilities by serious and organised groups
- use of professional facilitators by serious and organised groups
- vulnerabilities in currently unregulated industries being exploited by serious and organised crime groups
- use of encrypted communications by serious and organised groups.

Enhancing national understanding of serious and organised crime groups

Under our Highest Risk Criminal Targets No. 2 Special Investigation, we maintain a contemporary view of the serious and organised crime landscape in Australia. We do this through work under the interrelated Projects Rozencrantz, Iceberg, and Macrobust.

Project Rosencrantz

Project Rosencrantz monitors and improves understanding of Australia's most significant serious and organised criminal risks.

For example, in April 2016, the Victorian Joint Analyst Group³ shared an insight into the extent of criminality within the state's real estate sector and how criminally complicit agents may facilitate organised crime. This generated interest from both Victoria Police and AUSTRAC, including the potential for legislative reforms.

Through Project Rosencrantz, we have also provided 25,515 automated alerts (see page 77) to relevant partners regarding financial transactions, company events or travel movements linked to entities on the National Criminal Target List (see page 76). The National Criminal Target List is available to partners through the National Target System (see page 77).

³ Joint Analyst Groups are multi-agency intelligence functions located in each state and territory. They bring together analysts from the ACC, jurisdictional police, and other Commonwealth and state partner agencies.

Project Iceberg

Project Iceberg delivers intelligence to partner agencies, identifying leads on serious and organised criminal groups on the National Criminal Target List. This year through Project Iceberg we produced 100 products that provided new information to our partners—generating new insights, improving understanding of criminals' methods and creating opportunities for our partners to respond. This included:

- producing products identifying new target networks added to the National Criminal Target List
- seizing 1.2 kilograms of crystal methylamphetamine in a postal consignment from Canada, leading to an Australian Federal Police investigation of the criminal network involved
- working collaboratively with the Department of Immigration and Border Protection, to identify individuals who may pose a risk to the Australian border due to their links to serious organised crime, leading to further departmental assessments
- assisting the Australian Taxation Office in identifying the nature and extent of serious organised crime entities included in the Panama papers data (see the case study on page 70).

Project Macrobust

Project Macrobust develops state and territory intelligence highlighting the highest risk targets both regionally and transnationally, and supporting law enforcement to address serious and organised crime. During the year, Project Macrobust led to Joint Analyst Groups disclosing 146 intelligence products to partner agencies on issues such as professional facilitators in New South Wales, an increase in identity related organised crime activity in the Northern Territory, vulnerabilities in currently unregulated industries being exploited by serious and organised crime, use of encrypted technologies, illicit drug methodologies, illicit firearms trafficking, money laundering and other activities of entities on the National Criminal Target List.

For example, the Victoria Joint Analyst Group (JAG) disclosed 139 intelligence products to its member agencies and other partners this year. These products provided new intelligence regarding transnational methylamphetamine importation networks and their methods, and identified previously unknown criminal entities trafficking illicit precursors and firearms throughout Victoria. The Victoria JAG comprises intelligence analysts from our agency, Victoria Police, Australian Federal Police, Department of Immigration and Border Protection, AUSTRAC and the Australian Taxation Office, who are co-located within our Melbourne Office.

We also provided analyst support to three multi-agency task forces investigating serious and organised crime exploitation of the maritime sector in New South Wales (Polaris), Victoria (Trident) and Queensland (Jericho).

Other highlights achieved by the Joint Analyst Groups this year included identifying five suspected methylamphetamine importers, as well as considerable intelligence on syndicates responsible for a significant number of drug importations into Victoria, New South Wales and South Australia.

Achievements—responding

Work under our Highest Risk Criminal Targets No. 2 Special Investigation has identified and disrupted criminal enterprises that were highly resilient to law enforcement. These joint investigations demonstrate the benefits of a coordinated multi-agency response as well as the importance of our coercive powers, data matching and advanced analytical tools in understanding the structures and links fundamental to organised criminal activity. Responses during 2015–16 included:

- 30 criminal entities disrupted
- 542 charges against 140 people
- 11 people convicted
- \$1,069.56 million estimated street value of drugs seized
- \$1 million worth of assets restrained
- \$2.2 million cash seized.

Also this year, proceeds of crime action was finalised against a former Finks outlaw motor cycle gang president in the Brisbane Supreme Court. Cash and property currently valued at around \$1.7 million were forfeited to the State of Queensland, following a long legal process dating back to 2003 and involving multiple challenges.

State-based joint responses

Through our Highest Risk Criminal Targets No. 2 Special Investigation we support the work of the Victorian Joint Organised Crime Task Force, the New South Wales Joint Organised Crime Group and the Western Australia Joint Organised Crime Task Force.

Major drug seizure in New South Wales

New South Wales Joint Organised Crime Group results included the seizure of a total of 720 litres of liquid methylamphetamine, comprising 190 litres concealed in silicon bra inserts and 530 litres in art supplies. This effectively removed more than 3.6 million hits of ice from Sydney streets, with an estimated street value of \$1.26 billion. The Joint Organised Crime Group is a multi-agency investigation group, which includes the ACC, Australian Federal Police, Australian Border Force, the New South Wales Police Force and New South Wales Crime Commission.



With the combined attention of Australia's law enforcement agencies focused on this issue, the risk of illicit drug smuggling just isn't worth it.

Commander Tim Fitzgerald, Australian Border Force Regional Commander New South Wales (Australian Federal Police, ACC and Australian Border Force joint media statement, 15/2/16)

Drugs and money laundering charges in Victoria

During the year the Victorian Joint Organised Crime Task Force supported a joint investigation with the Australian Commission for Law Enforcement Integrity.

Search warrants at several Melbourne suburban locations resulted in the seizure of small amounts of cocaine and crystal methamphetamine, as well as \$70,000 cash and luxury goods. Three people, including an Australian Department of Agriculture compliance assessment officer, were charged with drug and money laundering offences. The public servant was also charged with theft of Commonwealth property.

The Victorian Joint Organised Crime Task Force comprises the ACC, Australian Federal Police, Victoria Police and Australian Border Force.

Drugs seized in Western Australia

During 2015–16 the work of the ACC and partners in the Western Australia Joint Organised Crime Task Force resulted in the seizure of 216 kilograms of crystal methamphetamine, with an estimated street value of approximately \$200 million. Fourteen people were charged, and it will be alleged they were part of an organised criminal syndicate using small watercraft to transport the drugs from a fishing boat to the Western Australian coastline.

Other results included the seizure of just over 1.5 kilograms of crystal methamphetamine and smaller amounts of other illicit drugs, with two people arrested.

National Criminal Target List

We maintain the National Criminal Target List, which details the risk posed by Australia's nationally significant serious and organised crime targets, including offshore networks actively targeting Australia. Analysis of the list informs strategic decisions directing resources towards the targets posing the highest level of threat and risk. It also informs major policy initiatives.

“

The criminal syndicates that profit from the misery caused by 'ice' are firmly in our sights. We have achieved unprecedented success targeting the supply of this drug through strong relationships with our law enforcement partners combined with our local reach.

Western Australia Police Deputy Commissioner Gary Dreibergs (Australian Federal Police, Australian Border Force, Western Australia Police, ACC and AUSTRAC, joint media release 27/5/16)

Keeping this list updated, for example through regular content reviews, enables collective efforts to concentrate on discovering and understanding serious and organised crime groups that present the highest risk to the Australian community. Australian and New Zealand law enforcement agencies and relevant regulatory bodies contribute to the list using a consistent threat and risk assessment methodology. Prior to the ACC Board endorsing the creation of the list in 2010, agencies maintained their own jurisdictional target lists, with inconsistent risk assessment processes. The absence of a contemporary national list also made it difficult to develop a clear national picture of the threat and risk associated with serious and organised crime targets operating in Australia. We make the National Criminal Target List available to partners through the National Target System.

National Target System

This secure online data repository contains information on nationally significant organised crime groups (criminal targets). Australian law enforcement and other government agencies, including international law enforcement partners, contribute to this system. Our Australian and New Zealand law enforcement partners, and prescribed regulatory agencies, are also able to access the system online. The National Target System houses both the National Criminal Target List and the National Gangs List (see page 81).

Automated alerting service

Through Project Rosencrantz (see page 73) we provide our partners with an automated alerting service through the National Target System. This capability, launched in 2014, provides near real-time advice on the activities of criminal targets and promotes opportunities for further intelligence development and investigative activity.

Highest Risk Criminal Targets No. 2 Special Investigation performance scorecard 2015–16

Aim	How we achieved this aim	Contribution to ACC's key performance indicators		
		Discover	Understand	Respond
Identify, detect and disrupt the highest risk serious and organised crime entities that represent the greatest threat in each jurisdiction and nationally.	Produced a range of intelligence products, which we shared with partner agencies.	✓	✓	✓
	Identified previously unknown criminal targets and emerging threats.	✓	✓	✓
Reduce the threat posed by the highest risk criminal targets.	Improved understanding of highest risk crime target group structures, activities and methodologies.	✓	✓	✓
Enhance national understanding of the serious and organised crime environment.	Contributed to investigations, including through our coercive powers, leading to arrests and seizures of cash, drugs and firearms.	✓	✓	✓
		Achieved	Achieved	Achieved

Note: This table summarises achievements against the aim of this special investigation and aligns those achievements to ACC key performance indicators: Discover, Understand, Respond. Some work meets all three indicators while some activities are appropriately targeted to just one or two indicators. Success in achieving ACC key performance indicators is measured against the collective achievement across all special operations and investigations.

Highest Risk Criminal Targets—Victoria Special Investigation

This state-specific special investigation provided support to Victoria Police investigations through disseminations of intelligence derived from the use of ACC coercive powers, to improve existing ACC and Victoria Police intelligence holdings and collect evidence on the nature and extent of the serious and organised crime threat to the state.

Achievements

Our principal focus under this special investigation has been to inform partner agency investigations and fill identified intelligence gaps about highest risk criminal target activity across Victoria and its links to other jurisdictions.

During the year we held **six coercive examinations** that provided:

- intelligence around a criminal network and relationships across the wider criminal environment in Victoria
- specific, targeted intelligence, which significantly advanced investigations and established further useful avenues of inquiry
- intelligence suitable for sharing between Victoria and several other states around criminal networking and activities.

This special investigation ceased on 30 June 2016. We will carry out further activities regarding highest risk criminal targets in Victoria under the most appropriate authorised investigation or operation as required, noting this is limited to cases that involve Commonwealth offences or state offences with a federal aspect.

Highest Risk Criminal Targets—South Australia Special Investigation

This state-specific special investigation provided support to South Australia Police investigations through disseminations of intelligence derived from the use of ACC coercive powers, to improve existing ACC and South Australia Police intelligence holdings and collect evidence on the nature and extent of the serious and organised crime threat to the state.

This special investigation was not used this financial year. Instead, activities related to highest risk criminal targets in South Australia were carried out under the authority of our Highest Risk Criminal Targets Special Investigation and Outlaw Motor Cycle Gangs Special Operation.

This special investigation ceased on 30 June 2016. We will carry out further activities regarding highest risk criminal targets in South Australia under the most appropriate authorised investigation or operation as required, noting this is limited to cases that involve Commonwealth offences or state offences with a federal aspect.

Tackling criminal gangs

Outlaw motor cycle gangs (OMCGs) are highly visible crime entities, with a presence in all Australian states and territories and overseas. Membership numbers fluctuate from year-to-year, and at 30 June 2016 there were 38 OMCGs with more than 4,700 patched members and 2,800 associates.

OMCGs are involved in a wide range of serious crimes including drug trafficking, money laundering, extortion, firearms offences and high level violence.

We tackle criminal gangs through:

- our Outlaw Motor Cycle Gangs Special Operation
- the ACC-led Australian Gangs Intelligence Coordination Centre (AGICC)
- the Gangs Intelligence Hub
- the National Gangs List
- Operation Morpheus (national task force).

Outlaw Motor Cycle Gangs Special Operation

One of the challenges of dealing with OMCGs is that they are highly resilient and opportunistic about adapting, evolving to expand into new criminal markets. Through our Outlaw Motor Cycle Gangs Special Operation we work with our partners to improve understanding of OMCGs and cause effective disruption of criminal gang activity.

Achievements—discovering and understanding

Our work, through Project Legion, to discover and understand OMCG activity in Australia drives further ACC and partner intelligence collection and enables effective responses.

During the year we conducted **39 coercive examinations** that generated intelligence, informed proactive targeting of OMCGs, helped reduce conflict or duplication between the activities of different jurisdictions, and further developed the national picture of OMCG membership, in relation to the membership of the Rebels, Hells Angels, Mongols (Finks), Bandidos and Comanchero motor cycle clubs.

We produced **609 intelligence products**, which we shared with partners through 1,851 disseminations—building greater understanding of issues such as:

- state/territory criminal footprints of OMCGs
- state/territory wealth footprints of OMCGs
- drug importation and distribution
- money laundering
- firearms distribution.

We responded to 418 requests for information from partner agencies, supporting their intelligence development and investigations into OMCGs.

We also deployed intelligence analysts to support several national and international operations targeting OMCGs during the year.

Achievements—responding

During 2015–16 our work under this special operation influenced or contributed to responses that resulted in **18 disruptions**.

Australian Gangs Intelligence Coordination Centre

The ACC-led Australian Gangs Intelligence Coordination Centre (AGICC) is a central intelligence hub responding to the escalating threats of OMCGs in Australia.

The AGICC has been operating at the ACC since December 2013, under **Project Legion**. It is building and coordinating an intelligence-led response to OMCGs and other known gangs by linking strategic understanding of the national picture with intelligence that supports operational and tactical responses. Drawing on the ACC's National Criminal Intelligence Fusion Capability, it provides a dedicated intelligence capability for the National Anti-Gangs Squad, led by the Australian Federal Police. The AGICC also provides intelligence and assistance to state and territory police gang squads.

This year the AGICC:

- provided 628 intelligence products to fill gaps in knowledge and provide leads for action
- responded to 418 requests for information from 22 international, Commonwealth, state and territory partners, disseminating 378 responses with information.

Through the AGICC we also strengthened law enforcement understanding of Australian-based gangs through delivery of the National Gangs List, and provided insights into gangs and their activities by delivering operational and strategic intelligence reporting.

For example, the Outlaw Motor Cycle Gangs Special Operation produced strategic insights papers examining the impact and implications of the national effort to counter OMCGs across Australia, including:

- impact of disruption strategies on OMCG leadership
- development of alternative responses to OMCGs
- advice on measures to improve national information sharing.

These products were written to inform policy makers, assist in building the national intelligence picture of OMCG activities, and identify disruption and prevention opportunities for law enforcement agencies.

We also hosted national monthly teleconferences, bringing together OMCG analysts from across Australian law enforcement agencies.

Internationally, through the AGICC, we have proactively broadened our understanding of international gang environments and transnational gang-related crime, in particular through a secondment of an AGICC analyst to the New Zealand Police Gang Intelligence Centre.

Gangs Intelligence Hub

This year we continued to strengthen our central and secure hub of OMCG and criminal gang information and intelligence. The Gangs Intelligence Hub supports the capability to share information among partner agencies about gang activity in Australia and overseas. It is accessible to Commonwealth, state and territory partners. The Gangs Intelligence Hub and the National Gangs List, which we delivered in 2014, are key gang-related capabilities we developed to support national understanding, strengthen intelligence sharing and counter gang related crime.

National Gangs List

We maintain a secure, validated and nationally agreed list of OMCG members. The National Gangs List, established in 2014–15, is the first nationally accessible database containing gang and membership details for 38 Australian-based ‘one percenters’ OMCGs (see *Standardised definition of OMCGs* on page 82).

The National Gangs List is consolidated, current and contextualised to enable tailored analysis of OMCG information by law enforcement partners and other Commonwealth agencies. The AGICC played a critical role in its development, delivery, implementation and enhancement, as well as providing ongoing support.

This year, through Project Legion, we enhanced the National Gangs List, including adding a bulk upload tool, which will lead to significant improvements in data accuracy and currency—providing real benefits for Commonwealth, state and territory partners.

The National Gangs List is housed within the National Targeting System (see page 77), is linked to the National Criminal Target List (see page 76), and shares functionality including automated alerting (see page 77).

State and territory police contribute to the National Gangs List and are responsible for data currency and accuracy. The AGICC ensures that the data is maintained, enhanced and accessible while the main external decision-making body is the National OMCG Managers Group, which includes representatives of state and territory police as well as Commonwealth bodies including the Australian Federal Police, Department of Immigration and Border Protection, Australian Taxation Office and the ACC.

Standardised definition of OMCGs

We worked with our partners to develop a nationally consistent and standardised definition of what constitutes an OMCG, its membership and associates. This definition is central to strengthening law enforcement reporting.

These gangs see themselves as the ‘one percenters’ who operate outside the law, as opposed to the 99 per cent who operate within the law. We now have consensus on the identity of ‘one percenter’ OMCGs in Australia, drawn from the National Gangs List.

National Task Force, Operation Morpheus

The multi-agency national Task Force, Operation Morpheus, is a joint initiative of all law enforcement agencies and Commonwealth partners that facilitates collaborative targeting of the highest outlaw motor cycle gang risks to Australia.

The AGICC—with the support of state and territory police, the National Anti-Gangs Squad led by the Australian Federal Police, and Commonwealth partner agencies—maintains and reports to Morpheus on the national OMCG intelligence picture, and drives intelligence collection about OMCG leadership, cross-border activities, wealth identification and international implications.

Morpheus is supported by targeted and business-as-usual activities of state and territory police and Commonwealth agencies, using both traditional and non-traditional law enforcement methods. For example, considerable progress has been made through executing search warrants on club houses, investigating tax and welfare payments, monitoring travel movements, citizen status and business activities.

In 2015–16 Morpheus achievements included:

- 1,076 arrests
- 2,650 charges
- 1,943 legal and other notices served, involving millions of dollars, for failing to comply with obligations such as lodging tax returns and correctly declaring income
- the seizure of:
 - more than \$1.58 million cash
 - approximately 4.29 kilograms of cocaine
 - approximately 38 kilograms of MDMA
 - approximately 112 kilograms of cannabis and 45 cannabis plants
 - 181 vials and 538 tablets of steroids
 - 140 firearms
 - 11,936 rounds of ammunition
 - six motor vehicles, one boat, eight motorcycles and a collection of jewellery, luxury handbags and shoes.

Morpheus uses ACC coercive powers authorised under our Outlaw Motor Cycle Gang Special Operation and Highest Risk Criminal Targets No. 2 Special Investigation (see page 72).

Outlaw Motor Cycle Gangs Special Operation performance scorecard 2015–16

Aim	How we achieved this aim	Contribution to ACC's key performance indicators		
		Discover	Understand	Respond
Collect and analyse information and intelligence on OMCG criminal activities and share it with relevant agencies.	Conducted coercive examinations, shared intelligence and responded to requests for information.	✓	✓	✓
Identify entities involved and refer information and intelligence to other bodies as appropriate.	Produced strategic insights and a range of other intelligence and information products about OMCGs, which we shared with partner agencies.	✓	✓	✓
Recommend investigative and other responses.	Contributed to national approaches to identify, understand and disrupt OMCGs.	✓	✓	✓
Reduce the impact of OMCG criminal activities through disruption, prevention and strengthening the environment to resist OMCG exploitation.				
		Achieved	Achieved	Achieved

Note: This table summarises achievements against the aim of this special operation and aligns those achievements to ACC key performance indicators: Discover, Understand, Respond. Some work meets all three indicators while some activities are appropriately targeted to just one or two indicators. Success in achieving ACC key performance indicators is measured against the collective achievement across all special operations and investigations.

Informing responses to Australia's illicit drug markets

The illicit drug trade generates billions in profit for organised crime, more than any other criminal activity. In the process it ruins the lives of countless individuals and their families. Intelligence is the key to seizing drugs before they make it to our streets and to identifying new drug-related threats to the community. This includes understanding evolving illicit drug markets and emerging trends to develop and inform operational, legal and policy responses.

We do this through our:

- High Risk and Emerging Drugs No. 2 Special Operation.

High Risk and Emerging Drugs No. 2 Special Operation

Through our High Risk and Emerging Drugs No. 2 Special Operation we monitor all Australian illicit drug markets and develop an increasingly holistic understanding of those markets, both domestically and internationally.

Despite our highly developed knowledge of individual markets and the links between them, the markets are constantly evolving and intelligence gaps exist. We resolve these gaps by leveraging our unique mix of powers and capabilities to discover and understand more about illicit drug markets and to inform partners of new and emerging trends.

Through this special operation we contribute to demand, supply and harm reduction strategies in line with the National Drug Strategy.

During 2015–16 we focused on:

- contributing to a coordinated national response to the methylamphetamine market
- seeking more accurate, timely and comprehensive sources of data on illicit drug use and demand for drugs
- monitoring concerning trends in the illicit pharmaceuticals and MDMA markets
- continuing to 'follow the chemicals' to shape our thinking and responses to the domestic manufacture of a series of illicit drugs.

Achievements—discover and understand

During 2015–16 we conducted **24 coercive examinations** to fill intelligence gaps, identify insights and enhance understanding of serious and organised crime and high risk and emerging drugs. These examinations covered issues including:

- drug purchases from the Darknet
- identification of methylamphetamine trafficking syndicates with links to a number of states
- manufacture of MDMA and 3,4-methylenedioxymphetamine (MDA) and the diversion of chemicals for this purpose
- manufacture of synthetic cannabis and importation of precursors and other substances for this purpose
- manufacture of MDMA from imported precursors and equipment
- techniques used by organised crime groups in an attempt to defeat Australian border controls.

In addition, we enhanced knowledge of various drug markets through 15 Notices to Produce, which resulted in intelligence on suspicious sales of precursor chemicals and sources of those chemicals, added to our understanding of the manufacture of synthetic cannabis and the nature and extent of illicit drug use in particular segments of the community.

We produced **93 intelligence products**, which we shared with partners through 270 disseminations.

These products built a greater understanding of organised crime groups involved in the manufacture, importation and trafficking of a range of illicit drugs and precursor chemicals. Most products related to issues such as the:

- methylamphetamine market in Australia
- purchasing of illicit drugs on the Darknet
- trends in the non-medical use of pharmaceuticals in Australia
- changes to the heroin and MDMA market
- use and supply of steroids and other performance and image enhancing drugs
- continued efforts to reduce the organised crime threat to sports.

Heroin in Australia

Our strategic insights paper assessed whether the Australian heroin market will experience similar growth as recently seen in the American heroin market. We examined the link between heroin and pharmaceutical opioid use, the type and availability of heroin in Australia, and patterns of poly-drug use to determine how changes in these factors might influence the Australian heroin market in the next five years.

CASE STUDY:

The national response to the methylamphetamine market—an ongoing journey

Methylamphetamine, in particular crystal methylamphetamine (ice), has been in the national spotlight since we released our report in early 2015.


Prior to that, we were working behind the scenes to understand the Australian methylamphetamine market. We provided our partners with a classified assessment of the market in 2014. We found that the market had grown significantly since 2010. We also identified the need for better data on illicit drug markets, and suggested areas of focus for a comprehensive national response. The Serious Organised Crime Coordination Committee, consisting of Commonwealth, state and territory law enforcement agencies, then developed the National Law Enforcement Methylamphetamine Strategy, which we are now implementing with partner agencies.

Our classified methylamphetamine assessment formed the basis for our public report, *The Australian methylamphetamine market: The national picture*, which received extensive coverage when it was released in March 2015.

Soon after, the then Prime Minister announced a National Ice Taskforce to holistically examine the threat posed by the methylamphetamine market and to suggest responses. An ACC officer joined the Taskforce Secretariat along with representatives of Commonwealth law enforcement and policy departments. The National Ice Taskforce report in December 2015 summarised the ice threat and included more than 30 recommendations to reduce demand for, supply of, and harm caused by methylamphetamine. The Council of Australian Governments (COAG) adopted several recommendations in December 2015, through the National Ice Action Strategy.

We have now initiated two projects to address matters raised by the strategy and the Taskforce's recommendations. Through these projects, we are responding to:

- the threat posed to Australia by organised crime groups operating from or through mainland China and Hong Kong
- methylamphetamine manufacture and trafficking in rural and regional Australia
- the diversion of precursor chemicals to illicit drug manufacture
- the need for better data on trends in illicit drug markets.



Most of our operational activity is responding to the importation, trafficking and manufacture of methylamphetamine, or the disposal (domestically and internationally) of the related criminal proceeds.

In addition, we are enhancing understanding about diversion of precursor chemicals and implementing a national waste water analysis capability.

We will produce an updated assessment of the methylamphetamine market, including outcomes of these activities, during 2017.



Achievements—respond

During 2015–16 work under the High Risk and Emerging Drugs No. 2 Special Operation influenced or contributed to responses including:

- improving drug data through waste water analysis
- improving understanding of the methylamphetamine market
- identifying examples of poly-drug imports, trafficking and local supply
- identifying innovative drug manufacture techniques
- strengthening understanding of illicit/non-medical use of pharmaceuticals.

Better drug data through waste water analysis

The National Ice Taskforce report recommended adding waste water analysis (WWA) to the tools used by agencies and entities tasked with understanding Australian drug markets. This recognises the innovative nature of the WWA capability, including the ability to measure drug use in small or very large populations and potential to inform timely and appropriate policy and operational responses to problems.

In May 2016 the Minister for Justice approved \$3.59 million over three years for a national WWA program. We have long advocated WWA as an important tool in measuring the level of demand for and use of drugs in the community. For the first time our *Illicit Drug Data Report* this year incorporated results from previous WWA, and it will be routinely included as a reference source in our future drug publications.

We will work with entities that have successfully delivered services of the type required and task them with producing regular data and research reports from collected samples from each Australian capital city and additional regional cities and towns of interest. Usage trends for a range of illicit and licit substances will be measured.

We expect to derive regular reports from the WWA data, and will share the data and reporting widely through public and classified publications.

Methylamphetamine market

During the reporting year our response to the ice problem shifted away from producing strategic products to informing policy responses, collecting intelligence and developing targets in specific areas of concern. This change means we will be able to conduct an updated assessment of the methylamphetamine market during 2017.

Following the release of our unclassified methylamphetamine report in early 2015 and the announcement of a National Ice Taskforce, an ACC officer was embedded in the task force's Secretariat. The taskforce delivered a report to Government in late 2015. The Council of Australian Governments (COAG) subsequently agreed to a series of wide-reaching recommendations in the National Ice Action Strategy. The recommendations of the taskforce and the Ice Action Strategy shaped our subsequent work on the methylamphetamine market and drug markets generally.

Poly-drug use and trafficking

ACC examinations during 2015–16 and our operational activity identified a series of examples of poly-drug imports, trafficking and local supply. This reflects the trend by drug users to consume a series of substances simultaneously. Together with the National Ice Taskforce and other law enforcement agencies, we have identified a need for a more agile response to illicit drug markets that targets multiple drug markets simultaneously while remaining mindful of the impact on other markets. This is necessary to prevent demand from one market transferring to another drug market that is not being targeted. Our High Risk and Emerging Drugs No. 2 Special Operation is structured to reflect the inter-related nature of drug markets and the need for a detailed overarching appreciation of trends in the markets.

Innovative drug manufacturing techniques

Intelligence derived from an examination under Project Alberta, as well as human source reporting, led to the seizure in Queensland of 30 kilograms of precursor chemicals and the discovery of an active drug laboratory. It will be alleged that the laboratory was being used to manufacture border controlled drugs through an innovative technique that solely uses chemicals not controlled by Commonwealth, state or territory legislation (Project Alberta-Mede). An earlier arrest of a person in the Northern Territory, related to a Project Alberta report, resulted in a 15-month prison sentence for possessing a commercial quantity of an illicit substance used in the manufacture of MDA (Project Alberta).

In April 2016 Minister the Hon Michael Keenan MP and our CEO Chris Dawson released the updated the ACC *Precursor Chemicals Information Resource* (PCIR 2016). The resource informs law enforcement agencies, regulators, policy officers and industry about chemicals at risk of diversion for illicit drug manufacture. It has been distributed to domestic and foreign law enforcement agencies, forensic services and industry.

The PCIR 2016 contains details of a large number of precursor chemicals, reagents and solvents. Many of these substances are not currently controlled at Commonwealth, state and territory level. The PCIR is a vital tool for businesses involved in the legitimate chemical supply chain, whose products are being diverted to the illegal market. The release of the PCIR 2016 addresses recommendations of the National Ice Taskforce report and also supports the development of nationally consistent controls over precursor chemicals, reagents and solvents.

We are working with relevant policy, regulatory and law enforcement agencies to establish more nimble and comprehensive precursor controls and, through operational case studies, we are identifying those chemicals which should be monitored and controlled.

Illicit/non-medical use of pharmaceuticals

We are concerned about the non-medical use of pharmaceutical opioids such as oxycodone and fentanyl and do not want to see North American trends replicate in Australia. Australia's problem is based on theft and diversion of the pharmaceuticals rather than domestic manufacture as is sometimes the case in North and Central America. This means that successful disruption requires close relationships with the medical sector and the pharmaceutical industry to identify points of vulnerability in the legitimate supply chain for exploitation by organised crime groups. As with the performance and image enhancing drugs market, a small number of medical and health professionals are profiting by acting as professional facilitators for organised crime groups. Highlighting examples of this practice is important to harden the environment against organised crime.

During 2015–16, we:

- enhanced relationships with representatives of the pharmaceutical industry and key areas of the health sector to explain our concerns and obtain expert advice on collaborative measures that may reduce the risk to the community from non-medical use of pharmaceuticals
- identified stages in the supply chain that may require scrutiny to reduce diversion of pharmaceuticals to the illicit market
- enhanced our knowledge of poly-drug use and supply in some rural and regional areas, particularly in relation to methylamphetamine and pharmaceutical opioids
- collaborated with Commonwealth agencies and teams within drug squads across the country, who are responsible for investigating the diversion of chemicals to illicit drug manufacture, to monitor and disrupt suspicious chemical transactions. In one case this led to the Queensland Police Service discovering an active clandestine laboratory and quantities of precursor chemicals near Brisbane in October 2015, while other positive operational outcomes for partner agencies are before the courts.

Organised crime threats to sport

Our 2013 Project Aperio report continues to frame public debate concerning organised crime threats to Australian sport, including the use of illicit drugs and performance and image enhancing drugs, illegal gambling, associations between sportspeople and organised crime identities, and match-fixing. The report also continues to resonate with domestic and international bodies responsible for the integrity of sport.

SPOTLIGHT ON...

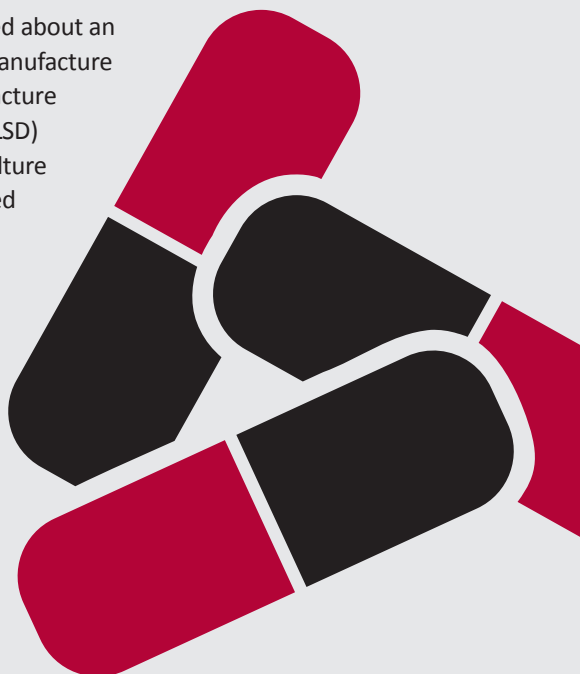
Australia's complex illicit drug markets

Domestic drug markets continue to demonstrate increasing overlap and inter-relationships. They appear to be complementary, rather than competing for custom among users. There are few signs of diminishing demand. An example of inter-related markets is the heroin market and illicit market for pharmaceutical opioids such as oxycodone and fentanyl, where shortages of one commodity increase use of an alternative commodity. There are also increasing inter-relationships between the methylamphetamine, cannabis and illicit pharmaceuticals markets, including in rural and regional areas of Australia.

We remain concerned by the increasing challenges posed to law enforcement and health agencies by poly-drug use, poly-drug trafficking and illicit drug use and supply within social groups. These trends complicate investigations, simplify and diversify illicit drug supply by organised crime groups, and substantially increase the harms caused by drug use to society as a whole.

Use and supply within social groups normalises illicit drug use and consolidates demand for illicit substances. Drug taking becomes synonymous with social events, downplaying the serious implications.

In relation to illicit drug manufacture, we are concerned about an apparent increase in the overlap between domestic manufacture of MDMA and similar substances, and use and manufacture of hallucinogens including lysergic acid diethylamide (LSD) and dimethyltryptamine (DMT). A drug-related sub-culture appears to be evolving where this activity, accompanied in some cases by a form of shamanism, is guiding the criminal behaviour of individuals. Shamanism is a quasi-religious phenomenon centred on people (shamans) who, typically in a trance-like state, are perceived to demonstrate powers to heal the sick and communicate with spirits of those in the after-life, while focusing on the connection between humans and nature.



High Risk and Emerging Drugs No. 2 Special Operation performance scorecard 2015–16

Aim	How we achieved this aim	Contribution to ACC's key performance indicators		
		Discover	Understand	Respond
<p>Monitor all Australian illicit drug markets and develop and maintain an increasingly holistic understanding of those markets, both domestically and internationally.</p> <p>Resolve intelligence gaps by leveraging our unique mix of powers and capabilities to discover and understand new and emerging trends and to inform partners.</p> <p>Proactively develop appropriate operational, legal and policy responses.</p>	Produced strategic assessments, intelligence products and reports, which we shared with partner agencies.	✓	✓	✓
	Worked with partners and industry to identify and address vulnerabilities being exploited by organised crime.	✓	✓	✓
	Informed policy and regulatory reform and other national responses.	✓	✓	✓
	Contributed to partner investigations through coercive examinations and information reports.	✓	✓	✓
		Achieved	Achieved	Achieved

Note: This table summarises achievements against the aim of this special operation and aligns those achievements to ACC key performance indicators: Discover, Understand, Respond. Some work meets all three indicators while some activities are appropriately targeted to just one or two indicators. Success in achieving ACC key performance indicators is measured against the collective achievement across all special operations and investigations.

Contributing to national security

Serious and organised crime is a threat to national security. We work closely with our law enforcement and national security agency partners to reduce this threat by focusing on those areas where serious and organised crime converges with other national security activities.

We contribute to the whole-of-government response to national security threats through our:

- National Security Impacts from Serious and Organised Crime No. 2 Special Operation
- contribution to national effort to combat foreign fighters.

National Security Impacts from Serious and Organised Crime No. 2 Special Operation

Through this special operation we provide a unique perspective of the evolving threats and risks posed by serious and organised crime groups within the national security environment and examine convergences between the two.

Due to the nature of this special operation, we are unable to report many specific details and achievements. However, key stakeholders have acknowledged the benefits of our work in this area.

Achievements—discover and understand

Overall, we significantly increased the knowledge and understanding of the involvement of Australian citizens and their experiences in foreign incursion in relation to national security. This also contributed to new and enhanced relationships with our intelligence agency partners, both domestic and international.

During the year, through our National Security Impacts from Serious and Organised Crime No. 2 Special Operation, we conducted **41 coercive examinations** over 88 sittings to fill intelligence gaps and develop the national picture on current and emerging threats.

We also began focusing on methodologies used to financially support foreign incursion activity under the associated Project Ridgeline-Blackthorn.

We added **one criminal entity** to the National Criminal Target List.

We produced **159 intelligence products**, which we shared with partners through 491 disseminations.

These products provided specific, targeted intelligence which supported or advanced investigations and established other useful avenues of enquiry in relation to:

- foreign fighters
- financing of terrorism
- vulnerabilities in the aviation sector that may be open to exploitation by serious and organised crime (Project Haldus).

Achievements—respond

During 2015–16 work under our National Security Impacts from Serious and Organised Crime No. 2 Special Operation supported the whole-of-government response to combating the foreign fighters' threat through Project Ridgeline and its sub-projects. We also built a greater understanding of vulnerabilities at aviation ports through Project Haldus.

National effort to combat foreign fighters

Our work contributing to the whole-of-government effort combatting foreign fighters commenced in September 2014, through Project Ridgeline (Ridgeline replaces Project Advection, which closed this year). Through this project and its sub-projects, we use our intelligence collection capabilities and support counter-terrorism and serious and organised crime investigations and intelligence activities regarding foreign fighters, domestic terrorism threats, terrorism financing and associated serious and organised crime.

We leverage our understanding of serious and organised crime methodologies to explore the nexus between terrorism and/or terrorism financing and serious and organised crime activities. This year we:

- increased understanding of the evolving threat posed by foreign fighters
- identified previously unknown potential threats
- contributed to domestic monitoring and disruption activities
- used our coercive powers and other specialist capabilities to generate intelligence including information reports, intelligence briefs, and operational analysis reports
- applied our Fusion specialist data analytics tools to proactively identify persons of potential interest to our national security partners.

Work also continued this year under Project Ridgeline-Pinecrest, which aims to proactively identify individuals in the community who display behavioural characteristics consistent with the profile of lone actor. During the year, the model for this project moved from a proof of concept to business as usual, for the ACC and all involved partners.

National Security Implications from Serious and Organised Crime No. 2 Special Operation performance scorecard 2015–16

Aim	How we achieved this aim	contribution to ACC's key performance indicators		
		Discover	Understand	Respond
Provide a unique perspective of the evolving threats and risks posed by serious and organised crime groups within the national security environment.	Contributed to partner investigations through coercive examinations and information reports.	✓	✓	✓
	Conducted analysis to identify potential national security threats.	✓	✓	
Examine and identify potential or actual convergences between serious and organised crime and other national security matters.				
		Achieved	Achieved	Achieved

Note: This table summarises achievements against the aim of this special operation and aligns those achievements to ACC key performance indicators: Discover, Understand, Respond. Some work meets all three indicators while some activities are appropriately targeted to just one or two indicators. Success in achieving ACC key performance indicators is measured against the collective achievement across all special operations and investigations.

National Intelligence Coordination Committee

We contribute to the National Intelligence Coordination Committee and its associated sub-committees regarding serious and organised crime and other national security issues, as required.

National security relationships

We continued to strengthen our relationship with the national security community, including through staff embedded in other agencies. The ACC is also part of the Australian Cyber Security Centre (see page 97) and the Australian Counter-Terrorism Centre. These relationships are facilitating greater collaboration and information sharing—deepening understanding of links between serious and organised crime and national security issues, which assists in disrupting such activities.

Making Australia a more hostile place for serious and organised crime

As serious and organised crime becomes ever more diversified, sophisticated and complex, we must find more innovative ways of identifying and preventing such criminal activity before it gains a foothold.

We make Australia a more hostile place for serious and organised crime through our:

- Making Australia Hostile to Serious and Organised Crime No. 2 Special Operation
- Wildlife and Environmental Crime Team
- other strategic intelligence helping to make Australia more hostile to organised crime
- Child Sex Offences No. 2 Special Operation.

Making Australia Hostile to Serious and Organised Crime No. 2 Special Operation

Through this special operation we work closely with our partners and collaborate to help make Australian society, institutions, industries and economy hostile to serious and organised crime.

Achievements—discover and understand

During the year we conducted **20 coercive examinations** and produced **199 intelligence products**, which we shared with partners through 995 disseminations.

We added **six criminal entities** to the National Criminal Target List.

Our work under this special operation built greater understanding of issues such as:

- cybercrime impacting Australia
- visa and migration fraud methodologies
- firearms and the serious and organised criminal environment
- encrypted communications
- exploitation of virtual currencies
- offshore unregulated bookmaking
- public sector corruption.

Our Making Australia Hostile to Serious and Organised Crime No. 2 Special Operation also supported work of the Wildlife and Environmental Crime Team (see page 101).

Cybercrime

Through Project Longstrike, we contribute insights, awareness and intelligence on cybercrime, which our domestic and international partners can act on. For example, we are shaping operational outcomes in the following ways:

- We authored the cybercrime section of the Australian Cyber Security Centre's annual threat assessment. This contribution was developed in consultation with the Australian Federal Police and CERT Australia (the Australian Government's national computer emergency response team). Feedback from our partners has indicated that our efforts have enhanced this assessment.
- Our Cybercrime Monthly Report provided regular high level summaries of the known cybercrime environment. We distributed this regular report extensively to domestic and international law enforcement agencies as well as key private sector partners.
- We produced a joint report with the United States Federal Bureau of Investigation on characteristics of cybercrime activity.
- We continued to engage with industry, entering into information sharing agreements with private sector partners.

International Cyber Crime Coordination Cell (IC4)

This year, we embedded an ACC analyst at the IC4 on long-term secondment and also placed two of our analysts on short-term secondments. The IC4 joins and supports participating international law enforcement partners in a collaborative effort to identify, target and apprehend the most significant cybercriminals and disrupt key enablers of the cyber underground. IC4 is based in the Federal Bureau of Investigation and hosts staff from the ACC, Australian Federal Police, United Kingdom National Crime Agency, and German Federal Criminal Police Office.

Australian Cyber Security Centre (ACSC) annual conference

We were heavily involved in contributing to the successful Australian Cyber Security Centre conference in April 2016. As well as facilitating conference streams, we participated in a panel of ACSC managers. In addition an ACC analyst presented on the undeniable and unrelenting threat of cybercrime to Australia. The presentation was delivered to a full house and was extremely well received. The presentation sparked ACC media interviews about the cybercrime threat to Australia.

The conference identified many new opportunities for industry collaboration on cybercrime threat intelligence.

Australia's Cyber Security Strategy launch

During 2015–16 we secured additional funding of \$16 million over four years, as part of Australia's Cyber Security Strategy announced on 21 April 2016. This will strengthen our ability to combat the persistent and increasing threat of cybercrime by delivering a comprehensive expansion of the ACC's cybercrime intelligence capability.

Australian Cybercrime Online Reporting Network (ACORN)

In addition to our operational work on cybercrime, we are also responsible for the administration of the Australian Cybercrime Online Reporting Network (ACORN). This national policing initiative by the Commonwealth, state and territory governments allows the public to securely report cybercrime incidents. The ACORN also provides advice to help people recognise and avoid common types of cybercrime.

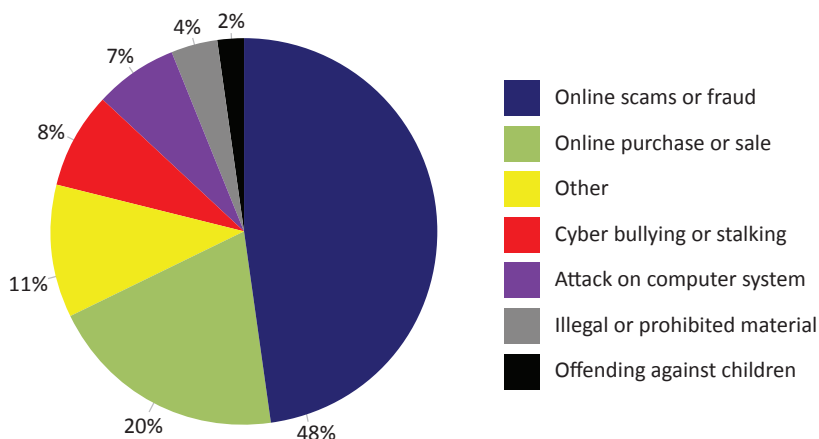
This significant initiative grew from the realisation that there was a lack of public awareness about how and where to report cybercrime incidents. It centralises and improves cybercrime reporting in Australia—supporting law enforcement to better combat the growing threat of cybercrime.

We refer incident reports to the relevant police agencies to manage and investigate. We also prepare and provide intelligence products from ongoing monitoring and trend analysis of ACORN reporting. This enables us to provide police agencies with an enhanced national picture of the cybercrime issues affecting Australians and Australian business.

By developing a deeper understanding, we identify new and emerging threats and provide actionable intelligence to response partners, including law enforcement, to ultimately make cybercrime harder to commit and less rewarding.

From 1 July 2015 to 30 June 2016, there were 41,341 ACORN reports on incidents ranging from online scams to cyber bullying.

Types of incidents reported to ACORN in 2015–16



The ACORN is a collaboration between the ACC, all Australian police agencies, the Attorney-General's Department, the Australian Competition and Consumer Commission, the Australian Communications and Media Authority, AUSTRAC, the Office of the Children's eSafety Commissioner and CrimTrac.

We are the administrator of the system, working with CrimTrac, which built and hosts the ACORN. We also co-chair the ACORN Joint Management Group, which oversees the ACORN's operation, and we are a member of the ACORN Steering Committee, which is responsible for strategic decision-making regarding the ACORN.

Visa and migration fraud

We respond to the criminal exploitation of Australia's migration system under Project Sinis and Project Jacto, including conducting **five coercive examinations** this reporting year.

As a result of our intelligence briefs developed under Project Sinis, the Australian Border Force stood up an investigation to explore the issues highlighted.

As a result of our work under Project Jacto, we will begin a new special operation on 1 July 2016 called Criminal Exploitation of Australia's Migration System.

Illicit firearms

During the year projects Kardinia and Nox closed, with work consolidated into Project Mylonite. Project Mylonite coordinates the collection, analysis and dissemination of ACC intelligence, data, advice and expertise relating to firearms and the serious and organised criminal environment. We consulted broadly with industry, control advocates and law enforcement agencies this reporting period, to continue building on and informing our understanding of illicit firearms in the community. During 2015–16, we produced a number of classified assessments in relation to firearms including the National Illicit Firearms Assessment. These assist our partner agencies to better understand vulnerabilities of the licit and illicit firearm markets.

The firearms trace dataset includes some 1.8 million firearm transactions and importation records. This year we responded to 872 firearm trace requests, disseminating 209 responses with information.

During the year the United Nations asked us to give the opening remarks at the 6th Biennial Meeting of States in New York, where international discussions were held on the tracing of illicit firearms.

Encrypted communications

Our strategic assessment, under Project Muskwood, provided a national perspective on the quality and prevalence of commercially available data communications encryption in the Australian market and explored the implications of serious and organised crime use of encryption for law enforcement intelligence collection.

Encryption brings significant benefits to government and the private sector. Without encryption, the work of law enforcement and national security agencies would be almost impossible. However, serious and organised crime is increasingly using encryption to impede the lawful interception of communications. The term 'going dark' describes the effect of this uptake of encryption on law enforcement's ability to monitor criminal communications. Criminals' use of encrypted communication devices also impedes the ability to collect evidence and intelligence in investigations of serious and organised crime.

Our intelligence suggests that criminals are using communication mediums, including encrypted communications, to facilitate most serious and organised crimes. This includes a range of serious criminal activity including drug trafficking and money laundering. While the proportion of criminals using encryption will increase, there are also opportunities for law enforcement to generate intelligence from criminal communications and exploit their use of mobile devices. In Australia, providing law enforcement authorised access to communications, while balancing the need to secure telecommunications data and the privacy of Australian citizens, will continue to be a challenge.

Virtual currencies

Serious and organised crime use of virtual currency is a growing concern among private industry and law enforcement, both domestically and internationally. While there are legitimate uses of virtual currency—such as currency speculation, purchasing goods and paying for services, and even paying bills through BPay—exploitation by serious and organised crime is likely to increase.

Our strategic assessment, under Project Longstrike, examined the threat to Australia posed by serious and organised crime and virtual currencies. Criminals use virtual currencies for illicit trade. This can occur through cybercrime and online marketplaces (commonly referred to as ‘darknets’). Items traded on these forums include malicious software, hacking services, stolen identity and financial information, illicit drugs, weapons and child exploitation material.

Offshore unregulated bookmaking

This year under Project Petram we began examining the nature and extent of domestic criminal exploitation of offshore unregulated bookmakers. This is an ongoing project funded by the Office of Sport in the Department of Health.

Public sector corruption

Through Project Sycamore, in collaboration with the Australian Institute of Criminology, we provided advice on Commonwealth public sector bribery and whether there is intelligence to support concerns of systemic corruption. In October 2015 we hosted state, territory and Commonwealth corruption and integrity agencies, in addition to selected Commonwealth departments, at a public sector corruption forum. Participants agreed to participate in an ACC survey/interview program to leverage their expertise to inform a national picture on this issue. Key findings of the project were presented to the ACC Board and additional intelligence products will be disseminated to partner agencies in 2016–17.

Making Australia Hostile to Serious and Organised Crime No. 2 Special Operation performance scorecard 2015–16

Aim	How we achieved this aim	contribution to ACC's key performance indicators		
		Discover	Understand	Respond
Work closely with our partners and collaborate with industry to help make Australia's society, institutions, industries and economy hostile to serious and organised crime.	Conducted coercive examinations and shared intelligence with partners.	✓	✓	✓
	Informed investigations into cybercrime threats.	✓	✓	✓
	Provided assessments and shared intelligence on firearms.	✓	✓	
		Achieved	Achieved	Achieved

Note: This table summarises achievements against the aim of this special operation and aligns those achievements to ACC key performance indicators: Discover, Understand, Respond. Some work meets all three indicators while some activities are appropriately targeted to just one or two indicators. Success in achieving ACC key performance indicators is measured against the collective achievement across all special operations and investigations.

Wildlife and Environmental Crime Team

Our Wildlife and Environmental Crime Team operated between July 2014 and June 2016, collecting intelligence to better understand the nature and extent of serious and organised crime involvement in wildlife and environmental offences.

The team was funded for two years through the Department of the Environment as part of the Australian Government's *Reef 2050 Plan* and associated *Dugong and Turtle Protection Plan*, which aims to protect listed threatened and migratory species in Far North Queensland and the Torres Strait Islands from the threats of poaching, illegal hunting and marine debris. A core element of this plan was our investigation into the extent of illegal poaching and trade of turtle and dugong meat occurring in far North Queensland and Torres Strait. Preserving dugong and sea turtle populations is vital to the health of the Great Barrier Reef and consequently to tourism, commercial fishing and aquaculture, recreation, scientific research and reef management.

Aim

Our team aimed to:

- collect intelligence about the alleged organised illegal trade in turtle and dugong meat and products, and disrupt those suspected of being involved
- develop a broader understanding of other wildlife and environmental crime in Australia and links to serious and organised crime groups
- identify potential opportunities for intervention against illicit wildlife traffickers.

We collaborated with Commonwealth, state and territory law enforcement and government stakeholders, and also worked with academia, animal welfare organisations, business, non-government organisations and Indigenous communities.

“

The ACC's Wildlife and Environmental Crime Team's contribution has significantly enhanced the ability for Queensland and other states and territories to identify and respond to organised wildlife crime. Their professionalism and expertise, along with the positive way in which they undertook their role, has been greatly appreciated.

Queensland Department of Environment and Heritage Protection

2B

OUR INVESTIGATIONS AND INTELLIGENCE OPERATIONS

Achievements

During 2015–16 the Wildlife and Environmental Crime Team managed Project Skywatch and Project Corktree.

Under Project Skywatch our team:

- conducted 32 visits to 29 regional towns and Indigenous communities in Queensland, including the Torres Strait
- produced 19 tactical intelligence products, which we provided to partner agencies through 59 disseminations.

Under Project Corktree our team:

- produced 26 tactical intelligence products, which we provided to partner agencies through 134 disseminations
- conducted eight coercive examinations to fill intelligence gaps, identify insights and enhance the broader understanding of wildlife and environmental crime in Australia.

As a direct result of our team's intelligence on general wildlife trafficking, the Queensland Department of Environment and Heritage Protection and Queensland Police Service executed six search warrants resulting in the seizure of over 160 protected reptiles including a White-Lipped Python with an estimated value of \$25 000, seven guilty pleas to offences, and three Penalty Infringement Notices issued under the *Nature Conservation Act 1992*. The Victorian Department of Environment, Land, Water and Planning also executed a search warrant, recovering 13 protected reptiles, and plans further investigative actions.

Overall, during its two years in operation, the Wildlife and Environmental Crime Team:

- conducted 63 visits to 43 regional towns
- conducted eight examinations to fill intelligence gaps, identify insights and enhance the broader understanding of wildlife and environmental crime in Australia
- produced 65 tactical intelligence products, which we provided to partner agencies through 235 disseminations.

As a result of the intelligence gleaned, partner agencies will continue investigations into the future.

Feedback

In January 2016 the Queensland Department of Environment and Heritage Protection said the intelligence obtained about organised wildlife crime and associated methodologies would not have otherwise been available.

“

[This has been] a powerful tool for providing fresh or enhanced information on who may be involved in offences of this nature and how they may be operating.

Queensland Department of Environment and Heritage Protection

In June 2016 the Western Australian Department of Parks and Wildlife advised that the information would be used to support further investigations into the activities of known persons of interest in this state who are involved in the illegal taking of reptiles from the wild and the illegal inter-state export and import of reptiles.

“

As a result [the] agency has been able to identify some inter-state associates of persons of interest in Western Australia and learn more about their modus operandi.

Western Australian Department of Parks and Wildlife

In July 2016 the Australian Department of Agriculture and Water Resources stated that ACC Information Reports had confirmed that wildlife trafficking syndicates continue to actively import and export exotic reptiles, highlighting the need for increased targeted intervention at the border.



[The department] intends to use the intelligence collected by the ACC to proactively target international cargo, mail and passenger pathways in order to disrupt this illicit trade. It is anticipated that the issues highlighted will form the basis for ongoing multi-agency discussions around developing strategies to combat wildlife crime within Australia.

Australian Department of Agriculture and Water Resources

2B

Other strategic intelligence helping to prevent organised crime

We produced a range of other strategic intelligence this year that contributes to making Australia more hostile to serious and organised crime by identifying potential vulnerabilities. This included:

- organised crime threat to good governance
- potential vulnerabilities within the Emissions Reduction Fund
- counterfeit food in Australia.

Organised crime threat to good governance

We produced a succinct, high level strategic insights paper on the serious and organised crime threat to good governance in Australia. Our paper outlines that there are groups, networks and individuals operating at an 'elite' level, targeting illicit markets in a number of countries simultaneously. It also provides an overview of some of the main crime markets in Australia in which serious and organised crime is involved, such as financial crime and revenue and taxation fraud, as well as enabling activities such as corruption.

Potential vulnerabilities within the Emissions Reduction Fund

We drew on insights gained from a joint ACC/Clean Energy Regulator project to identify potential vulnerabilities and organised crime exploitation that could occur within the Emissions Reduction Fund—a voluntary scheme that provides incentives for a range of organisations to reduce their emissions. Our strategic assessment is designed to enable the Clean Energy Regulator to understand and prevent potential vulnerabilities within the Emissions Reduction Fund.

Counterfeit food in Australia

We collaborated with industry, as well as national and international law enforcement agencies to produce two strategic assessments into counterfeit food in Australia. One assessment examines risks and responsibilities—identifying the nature and extent of organised crime involvement in the counterfeit food and drink trade and examining future vulnerabilities in this market. The other assessment looks at supply and demand—considering how the supply and demand influences may create opportunities for organised crime involvement and suggesting ways to minimise and monitor the problem. This assessment also identified a small number of known organised crime entities involved in the importation of food into Australia, some of whom are responsible for importing substandard or counterfeit products.

Child Sex Offences No. 2 Special Operation

Child sex offenders are becoming increasingly sophisticated in their networking activities and more able to access information to facilitate their crimes. In particular, advances in technology and the expansion of the internet are enabling online child sex offending.

This special operation ran from 9 June 2010 to 30 June 2016. It received referrals on issues relating to child sex offenders involved in online exploitation, sharing child pornography and child exploitation material, grooming children and child sexual exploitation in travel tourism.

We used our coercive powers to:

- collect intelligence on the nature and extent of child sex offenders in Australia and the methodologies and technologies they use
- assist in reducing the impact of child sex offences on the Australian community by contributing to partner agency investigations of child sex offenders, particularly those in organised networked groups
- support a national response to the threat and harms of child sex offenders.

Overall, this special investigation produced five information reports, including one in 2015–16, which we shared with partners through 17 disseminations. We will now undertake work relating to the sexual exploitation of children through our new Emerging Organised Crime Threats Special Operation.

Snapshot of national criminal databases in 2015–16



222,075 searches of ACID



1,815 active users of ACID



285,076 uploads to ACID



Reduced time required for common ACID searches from 17 to 5 seconds



\$9.79 million funding over two years for the new National Criminal Intelligence System Pilot Program:

- 400 data sources
- 100 million identity records
- 76 users from 15 agencies involved in the initial user testing environment



Halved power consumption for ALEIN with infrastructure and hardware upgrade

2C Our national criminal databases

Aim: Maintain national databases of criminal information and intelligence

Strong intelligence sharing allows law enforcement agencies to better focus operational resources and achieve better results to reduce the impact of the most serious and organised crime threats.

Our intelligence also informs and influences longer-term strategic planning and policy development, with an emphasis on prevention.

Result: More informed and effective responses

We achieve our aim by providing secure network access for partners to a range of analytical tools and criminal intelligence databases, and by starting work on the National Criminal Intelligence System Pilot Program.

Australian Law Enforcement Intelligence Network

The Australian Law Enforcement Intelligence Network (ALEIN) is the secure extranet that provides a gateway for our partners to access the:

- Australian Criminal Intelligence Database (ACID) (see page 109)
- National Target System (see page 77)
- automated alerting service (see page 77)
- Gangs Intelligence Hub (see page 81)
- National Gangs List (see page 81)
- National Clandestine Laboratory Database (see page 112)
- Violent and Sexual Crime Database (see page 112).

ALEIN is also a secure messaging channel for sharing criminal information and intelligence between Commonwealth, state and territory partners.

We publish our intelligence assessments to both ACID and our ALEIN desks (our partners can access intelligence products stored within a 'desk' based structure, which is a web-like environment, providing access to the latest ACC intelligence products).

There are currently 27 international, Commonwealth, state and territory law enforcement agencies connected to ALEIN. In 2015–16 the number of active ALEIN users from those agencies was 3,320 compared with 3,103 in 2014–15. This year we facilitated 23,782 visits to 998 intelligence desks within ALEIN.

During 2015–16, we upgraded the ALEIN network platform infrastructure and core hardware, effectively halving power consumption.

Australian Criminal Intelligence Database

The Australian Criminal Intelligence Database (ACID) is Australia's national criminal intelligence and information system, which is mandated in section 7A(a) of the ACC Act. It includes much of the intelligence we assemble as well as intelligence uploaded by our partners. ACID provides 24 Commonwealth, state and territory law enforcement agencies and other regulatory authorities with the ability to securely share, collate and analyse criminal information and intelligence nationally.

ACID offers analysts and investigators functionality and tools to assist with identifying, analysing and sharing critical pieces of information including new criminal trends, emerging methodologies, links between crime groups and cross-border criminal activities.

However, ACID is 30 years old and we are working on a replacement system (see National Criminal Intelligence System case study on page 110 and other information on page 112). At the same time, it is important that we maintain ACID services, including stabilising and strengthening the existing systems and infrastructure.

Activities this year

In April 2016 we migrated ACID onto new, state-of-the art hardware, and upgraded the database software. This resulted in substantial performance increases including reducing the time required for common searches from around 17 seconds to five seconds.

The volume of criminal information and intelligence uploads to ACID during 2015–16 was 285,076 which is close to the 284,576 uploads in 2014–15.

We created 1,305,990 new entities (uploaded intelligence reports may contain details of one or more entities such as names, addresses and other specific information).

We facilitated 1,815 active users of ACID, an increase in user numbers from last year's total of 1,642.

The total number of ACID searches for 2015–16 was 222,075, slightly down on 248,745 in 2014–15.

Correction: In last year's annual report this was incorrectly listed as '248,745 million' in the infographic on page 113, however, the correct figure of 248,745 was reported in the text on page 121.

CASE STUDY:

NCIS: improving the ability to share information and intelligence

As Australia's national criminal intelligence agency, we have a statutory responsibility to maintain aggregated national holdings of criminal information and intelligence. In 2011, we commissioned a scoping study of ACID and ALEIN, which found the current capability is no longer fit for purpose. The study recommended the development of a National Criminal Intelligence System (NCIS).

Criminal information and intelligence is held by organisations including jurisdictional policing agencies, independent commissions, and Commonwealth and statutory authorities. There is currently limited interoperability between the different systems, limited technical capacity to handle and integrate the rapidly increasing volume of information, and a reliance on manual processes and personal networks to share information.

NCIS has the potential to address these issues and significantly improve the way information and intelligence is shared.

For the pilot program, we have partnered with 15 law enforcement agencies, statutory authorities and government departments, who identified 76 representative users to form a Core Consultative Group. The group includes intelligence practitioners, investigators, managers and front line law enforcement personnel. By testing concepts and design in real-time during current operational activities, with actual end users, the aim is to prove the value of delivering a system that is highly usable and could become an invaluable asset for Australia's criminal intelligence and information capability.

The Core Consultative Group tested the first Proof of Concept (PoC 1) during May and June 2016. This included search functionality of master records, identity resolution, record retrieval, five key datasets and basic text mining. During the four weeks the system was made available, it was searched thousands of times. Users reported that, even in pilot form, NCIS demonstrated its ability to achieve efficiencies and influenced the operational direction of active investigations.

During PoC 1, users were able to search more than 100 million identity records and 30 million master records from 400 data sources within the five datasets. A master record consolidates one or more identity records when there are enough pieces of information to link multiple records. Using this method, we have been able to create master records consisting of hundreds of individual identity records.

If this pilot is successful, we will seek funding for the full NCIS, which has the potential to exponentially improve the way criminal intelligence and information is shared and used across the country, meaning the right people will have access to the right information when they need it—improving national ability to prevent, detect and disrupt threats. It will be a more cohesive, effective and efficient system, and a significant step towards a safer Australia.



Violent and Sexual Crime Database

This database is used to capture information about violent and sexual crime. Its analytical tools allow specially trained analysts to complete behavioural comparative case analysis to identify serial offenders at the earliest opportunity.

National Clandestine Laboratory Database

This national repository of data and intelligence is available to all Australian law enforcement and forensic agencies to capture and share information about seized clandestine laboratories. In recent years, we have made this database more user-friendly by upgrading its software and improving system useability. However, we have not yet fully realised the benefits that could be yielded from this system, due to low levels of use by our partner agencies.

National Criminal Intelligence System

On 1 July 2015, we began work on proof of concept testing for the National Criminal Intelligence System (NCIS), following a bid for funding under the *Proceeds of Crime Act 2002*. The successful bid resulted in \$9.799 million over two years to test the feasibility of the concepts required to build such a system.

If this pilot is successful, we will seek funding for the full NCIS to provide a federated intelligence and information sharing platform for collaboration and intelligence sharing with partners, common and improved analytical tools, near real-time monitoring, deconfliction, alerts and indicators, and effective management tools to support activities such as tasking and reporting. This solution aims to satisfy some common, critical needs of intelligence analysts, investigators, front line officers and community policing stakeholders.

The NCIS Pilot Program, which runs to 30 June 2017, is testing concepts related to the system's capability, with the final NCIS solution intended to provide more comprehensive capabilities. See details in the case study on page 110.

Looking forward

In the year ahead our strategic intelligence work, investigations and intelligence operations will continue to focus on the following Board-approved priority areas:

- *tackling criminal profit*—including focusing on money laundering, and the use of overseas jurisdictions, professional facilitators, and the alternative remittance sector and informal value transfer systems
- *tackling criminal gangs*—including enhancing intelligence and information sharing among partners about OMCs, and identifying opportunities to make it harder for OMCs to infiltrate legitimate businesses and institutions
- *tackling highest risk criminals*—including maintaining the National Criminal Target List, disrupting and deterring syndicates, building the picture of offshore groups that pose the greatest harm to Australia's national security in the context of serious and organised crime, and identifying emerging high risk gangs to inform future targeting
- *contributing to national security*—including working with partners to gain a better understanding of the domestic situation regarding the links between terrorism and organised crime, and the nature of threats in areas such as the border, security and people smuggling
- *informing responses to Australia's illicit drug markets*—including better understanding the market and informing partners of new and emerging trends, implementing a national waste water analysis capability and supporting nationally consistent controls over precursor chemicals
- *making Australia a more hostile place for serious and organised crime*—including identifying and responding to exploitation of Australia's migration system to facilitate serious and organised crime, and contributing to national efforts to counter cyber threats, illicit firearms, and serious and organised crime exploitation of offshore bookmaking.

We will continue to draw on the intelligence and information gained through our activities to **inform and influence** policy development and other reforms.

A particularly important project in 2016–17 will be continuing the **National Criminal Intelligence System** Pilot Program—an improved, federated intelligence and information sharing platform.

Equally important will be ensuring the smooth transition of the ACC and CrimTrac into our single new agency, the **Australian Criminal Intelligence Commission**, to ensure we maximise our combined resources, capabilities, expertise and knowledge.