



# ANNUAL REPORT 2013–14

AUSTRALIAN CRIME COMMISSION



# Letter of transmittal

12 September 2014

Michael Keenan MP  
Minister for Justice  
Parliament House  
Canberra ACT 2600

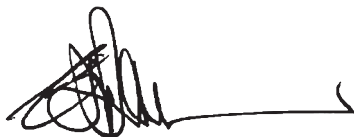
Dear Minister

I am pleased to present the annual report of the Australian Crime Commission (ACC) for the year ended 30 June 2014, prepared in accordance with section 63 of the *Public Service Act 1999*. Subsection 63(1) of the Act requires me to provide you with a report for presentation to the Parliament.

The report outlines the ACC's performance for 2013–14 and includes audited financial statements. It has been prepared in accordance with the requirements of the *Financial Management and Accountability Act 1997* (FMA Act) and the Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies (29 May 2014) approved by the Joint Committee of Public Accounts and Audit.

In addition, I certify that I am satisfied the ACC has in place appropriate fraud control measures that meet the agency's needs and comply with the Commonwealth Fraud Control Guidelines.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Chris Dawson', followed by a long horizontal line extending to the right.

Chris Dawson APM  
Chief Executive Officer  
Australian Crime Commission

# ACC at a glance

## **Our role**

National criminal intelligence agency with specialist investigative capabilities.

## **Our context**

Part of the national collaborative response to serious and organised crime in Australia.

## **Our work**

Discover, understand and respond to serious and organised crime through criminal intelligence services, investigations and intelligence operations.

## **Our approach**

Build the national picture of serious and organised crime.  
Break the business of serious and organised crime.

## **Our 2013–14 outcome**

Reduced serious and organised crime threats of most harm to Australians and the national interest.

# About our report

This report summarises our performance for the financial year ending 30 June 2014.

As an independent statutory authority in the Attorney-General's portfolio, we must manage our performance through the 'outcome and program' structure in the annual Portfolio Budget Statement (PBS).

As required, this report reviews our performance against the outcome strategy, deliverables and key performance indicators in our 2013–14 PBS. Our outcome strategy and key performance indicators are on page 18. A more complete excerpt including our deliverables is at Appendix B and our complete PBS is at <[www.crimecommission.gov.au](http://www.crimecommission.gov.au)>.

## How we assess our performance

We have revised our key performance indicators this year to reflect our five-year strategic outlook and directly align with our *Strategic Plan 2013–18*. The new indicators better capture the full scope of our role combating serious and organised crime in Australia, by both quantitative and qualitative measures. We are now developing our systems and capability to assess and track our progress against these indicators. Details about our performance measurement framework are on page 118.

## How the nature of our work affects our reporting

For operational reasons and because much of our work is classified, there are some activities we cannot report on publicly. When activities are no longer sensitive or constrained by legal and statutory requirements, and wherever possible, we are committed to being open and transparent and providing information to the public.

This includes our intention to report more broadly and frequently throughout the year, in both classified and unclassified form, to enhance understanding of what we do.

In addition, a portion of our work is long-term with results occurring months or years after our initial involvement. Examples include court decisions, policy and law reforms, and changes in industry and community behaviour that inhibits or prevents criminal activities.



**We are committed to being open and transparent and providing information to the public.**

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Break the  
**BUSINESS OF**  
SERIOUS AND  
ORGANISED CRIME

# Snapshot of how we reduced organised crime threats in 2013–14



**more than \$23 million**  
cash seized



**more than \$150 million**  
assets restrained



**2164 intelligence products**  
shared with 254 agencies



**60 intelligence reports**  
on outlaw motor cycle gang members



**more than \$386 million**  
drugs seized (estimated street value)



**39 disruptions**  
to crime entities



**263 coercive examinations**  
improved national understanding



**130 entities**  
referred to the Criminal Assets  
Confiscation Task Force  
(estimated value of offending \$166 million)



**Unprecedented collaboration**  
to prevent money laundering through  
the Eligo National Task Force



**more than 200 criminal targets**  
discovered, previously unknown  
to law enforcement



**371 arrests**  
on 617 charges



*of stakeholders surveyed agree we  
create a national intelligence picture of  
serious and organised crime*

# Snapshot of our people and financial results in 2013–14



**562 APS staff and 43 secondees**  
from partner agencies



**88.5% retention rate**

**2700 learning and development**

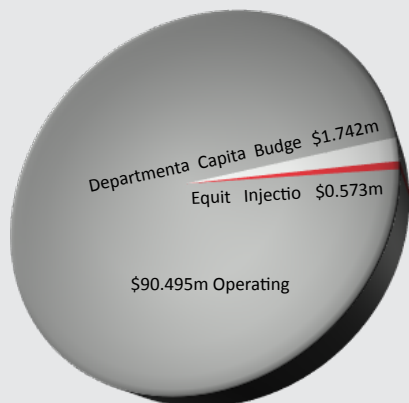


opportunities

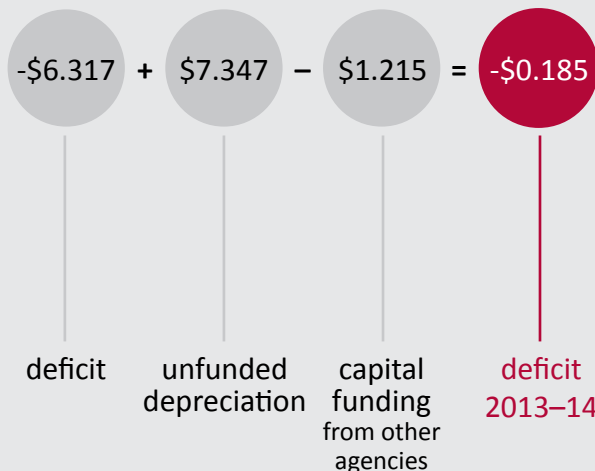


**48.9% women**  
**51.1% men**

**\$92.810 million appropriation**



**Overall financial results (millions)**





We are Australia's national  
**criminal intelligence** agency  
with specialist investigative  
capabilities.





# 1

## Agency overview

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# About us

The Australian Crime Commission (ACC) is Australia's national criminal intelligence agency with specialist investigative capabilities. We are the only agency solely dedicated to combating serious and organised crime of national significance.

## Our vision

We reduce serious and organised crime threats of most harm to Australians and the national interest. We achieve our vision by working across national boundaries to provide Australia with the ability to discover, understand and respond to federally relevant serious and organised crime.

## Our approach

**We build the national picture of serious and organised crime.**

- **Discover**—We proactively identify new and emerging threats and fill the gaps in our intelligence.
- **Understand**—We maintain a national intelligence picture on current and emerging threats that our partners contribute to and use to guide responses to serious and organised crime.

**We break the business of serious and organised crime.**

- **Respond**—We prevent serious and organised crime by making it harder for criminals to operate in Australia and by reducing vulnerabilities they seek to exploit. We disrupt, disable and dismantle serious and organised criminal enterprises through effective enforcement, regulation, policy and legislation responses.

## Our contribution

Understanding the changing criminal environment is critical to determining how Australia responds to the threat of serious and organised crime. Our work is central to decision-making, strategic targeting of criminal and organised crime syndicates, and effective planning, prioritising and use of resources. We add value to the work of our Commonwealth, state and territory partners as part of a truly national response.

## Our history

In 2002 the Commonwealth, state and territory governments agreed that Australia needed a national agency to improve strategic understanding of nationally significant criminal activity and develop innovative and effective responses to it. As a result, the ACC was established under the *Australian Crime Commission Act 2002*. This replaced and combined the strategic and operational intelligence and specialist investigative capabilities of the National Crime Authority, the Australian Bureau of Criminal Intelligence, and the Office of Strategic Crime Assessments. We began operations on 1 January 2003.

## Our functions

To discover, understand and respond to the threat of serious and organised crime we:

- collect, correlate, analyse and share criminal information and intelligence
- maintain a national database of criminal information and intelligence
- undertake intelligence operations
- investigate matters relating to federally relevant criminal activity
- provide strategic criminal assessments
- provide advice on national criminal intelligence priorities.

# Our values

## Integrity

We are honest, ethical and transparent.

## Accountability

We take responsibility for our actions.

## Innovation

We are committed to leading-edge development of our people, products and processes.

## Courage

We undertake our work with courage and commitment and deliver objective advice without fear or favour.

## Empowerment

We encourage teamwork, communication, consultation and diversity.

## Our specialist capabilities

- *National criminal intelligence data holdings*—We collect criminal intelligence and combine it with intelligence from partner agencies to create and share a comprehensive national picture.
- *Coercive powers*—Our coercive powers, similar to a Royal Commission, are used in special operations and special investigations to obtain information where traditional law enforcement methods are unlikely to be or have not been effective.
- *ACC-led National Criminal Intelligence Fusion Capability*—We combine and analyse (or ‘fuse’) diverse data sets to improve understanding of known criminal threats and discover previously unknown risks.
- *Strategic products*—Our strategic intelligence products support our partners in decision-making, strategic targeting and policy development.
- *National target management framework*—Our national target management framework guides law enforcement in establishing and sharing organised crime priorities and targets. This supports nationally coordinated operational strategies for dealing with multi-jurisdictional serious and organised crime investigations.
- *Legislative framework and dissemination powers allowing data sharing*—By sharing intelligence, information, resources and expertise with our partners, and with private industry where permitted and appropriate, we maximise the collective impact against organised crime.
- *Specialist skills*—Our work is underpinned by sophisticated and tailored intelligence gathering and analysis and capabilities.

## Our structure

We are a Commonwealth statutory body with staff working from nine locations around the country, grouped into three directorates. See details from page 101.



## Our context and stakeholders

We are part of Australia's cooperative, intelligence-led effort against serious and organised crime.

As a relatively small, niche agency of 562 staff, supplemented by 43 secondees from Commonwealth, state and territory law enforcement and other Commonwealth agencies, we work with stakeholders across the nation and around the globe to combat a threat that transcends borders. Our stakeholders include:

- **Commonwealth Government**—National law enforcement and intelligence agencies, national security, border security, national regulators, national service delivery agencies and national policy development agencies.

- **States and territories**—State and territory law enforcement and intelligence agencies, and state and territory regulators.
- **International agencies**—International law enforcement and intelligence agencies.
- **Private sector and community**—Private industry, research bodies and academia and the community.

This year we liaised with more than 250 agencies from across Australia and around the world, including our partner agencies represented on our Board.



**Our Board drives the collegiate approach necessary to successfully combat serious and organised crime.**

## Stakeholder feedback

Due to the collaborative nature of our work, our stakeholder relationships are critically important to successfully reducing serious and organised crime threats. Our stakeholders are important to us so we seek their feedback regularly. Their feedback contributes to our performance measurement and informs our ongoing engagement. This year's stakeholder research findings are on page 121.

## Our Board

Uniquely, the ACC Board comprises the heads of our 15 partner agencies in law enforcement, regulatory and national security agencies from across Australia. It is the most powerful law enforcement and national security body in the country, and a significant platform to drive the collegiate approach necessary to successfully combat serious and organised crime.

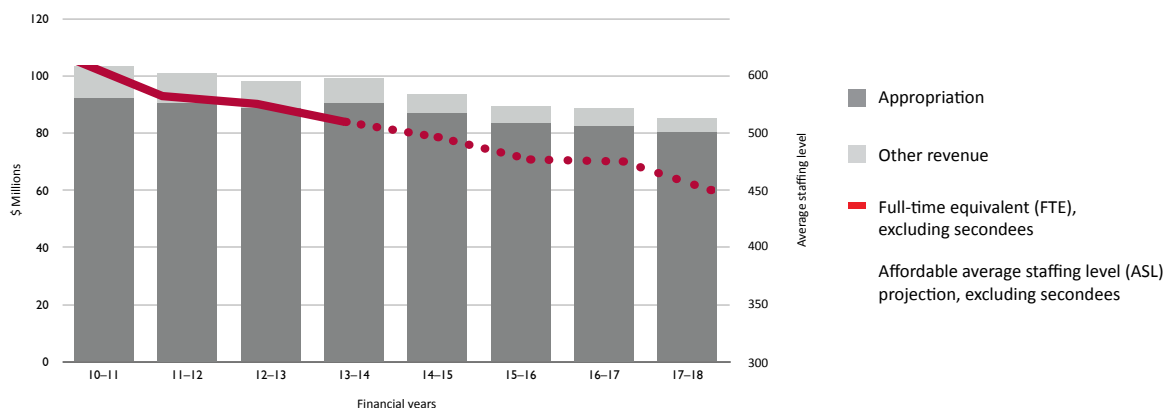
## Our financial position

In 2013–14, we recorded a deficit of \$6.317 million. Apart from unfunded depreciation of \$7.347 million, the ACC reported result was a surplus of \$1.030 million. This includes \$1.215 million capital funding received from portfolio agencies for capital investment. With the exclusion of capital funding the ACC returned a \$0.185 million deficit for the financial year.

We continue to manage our finances carefully against the general downward trend in appropriation since 2010–11, as shown in the diagram below.

See Chapter 7 for our full financial overview.

### Appropriation trend 2010–2018



## CEO's review

### Mr Chris Dawson APM



I was honoured to be appointed Chief Executive Officer of the ACC in April this year, following the retirement of John Lawler AM APM. Mr Lawler must be acknowledged for his tremendous service and strong leadership over the past five years. The ACC has developed into a truly national criminal intelligence agency with an innovative and collaborative approach. Our job now is to build on the strong capacity to respond to serious and organised crime achieved under Mr Lawler's leadership. I also thank Mr Paul Jevtovic APM for his capable stewardship of the ACC in the interim period following Mr Lawler's retirement. In addition, I would like to acknowledge the strategic guidance provided over the past five years by outgoing ACC Chair and Australian Federal Police Commissioner, Tony Negus APM.

In stepping into the ACC CEO's role, I recognise that the work of the ACC has never been so important. Serious and organised crime is growing in sophistication and reach. It affects Australians at every level, from our economy to our health and wellbeing. Law enforcement must keep pace, and we must counter the resilient, complex and secretive reality of serious and organised crime.

We are not charged with a broad policing role, but we strengthen policing and bring the most serious of criminals to justice. We do not have sole responsibility for collecting, analysing and sharing criminal intelligence and investigating crime, but we are responsible for optimising the national criminal intelligence picture by fusing disparate information.

The ACC provides the backbone of Australia's national criminal intelligence framework. Our intelligence gathering and investigative skills together with our coercive powers, akin to a Royal Commission, are critical in this endeavour. Equally, our partnerships within Australia and internationally are essential in successfully combating serious and organised crime.

### Clear direction and strategy

We effectively applied our unique capabilities this year, guided by our *Strategic Plan 2013–18*. The underpinning philosophy of 'discover, understand, respond' as three interlinked approaches to our work enabled us to maintain clear focus and deliver effective results, despite a diminishing resource base and leadership changes during the year. This is the first full year of implementing our plan. The improvement in results across the board confirms the value of this strategic approach.

### Strong partnerships for strong results

Throughout the year, we played a critical role in identifying and coordinating action against Australia's highest risk criminals. We shared 2164 intelligence products with 254 agencies. We participated in or coordinated collaboration in 18 joint operations and investigations to prevent and disrupt serious and organised crime. This year our activities led to 39 disruptions of criminal behaviour or criminal entities. This result is higher than the previous six years and includes the following highlights.

## Eligo National Task Force

The ACC-led Eligo National Task Force involves an unprecedented level of collaboration and responsiveness, with jurisdictions taking action within hours of receiving our intelligence packages. Eligo was established to reduce money laundering risks inherent in the alternative money remittance sector and informal value transfer systems. This year Eligo resulted in 12 disruptions to criminal entities and identified 95 criminal targets previously unknown to law enforcement. Eligo has also seized more than \$21 million in cash, drugs with an estimated street value of more than \$140 million and precursors with an estimated street value of more than \$6 million. It has resulted in 227 charges against 110 people. As well as disrupting organised crime activities, Eligo is driving professionalism within the sector to make it more resistant to organised crime.

## Australian Gangs Intelligence Coordination Centre

The ACC-hosted Australian Gangs Intelligence Coordination Centre (AGICC), which is part of the Government's strategy to combat outlaw motor cycle gangs, is providing law enforcement agencies with previously unknown insights into issues including illicit drug and money laundering activity. It is also providing intelligence and shaping national disruption strategies against key members of high threat outlaw motor cycle gangs and other known gangs operating across state and territory borders. Since the AGICC began operating at the ACC in December 2013, it has supported more than 28 state and territory outlaw motor cycle gang investigations, providing leads and filling intelligence gaps.

## Attero National Task Force

Attero has a specific focus to disrupt the criminal activities of the Rebels outlaw motor cycle gang. Attero successfully galvanised a national response, this year resulting in more than 2276 arrests on charges ranging from serious assault, stalking and kidnapping to firearms and drug offences. It also led to the seizure of 39 firearms and other weapons, and raised more than \$15.5 million in tax liability.

## Coordinated cross-border responses

The ACC is at the centre of national infrastructure to support coordinated action through forums such as the Australian Criminal Intelligence Forum (ACIF). ACIF is strengthening engagement between the criminal intelligence and national security communities.

Through another important national forum, the Serious Organised Crime Coordination Committee (SOCCC), we support a cohesive, consistent and collaborative operational response to serious and organised crime.

A further example of enhancing national understanding and coordination is the ACC-hosted National Target System (NTS) and National Criminal Target List (NCTL). We work closely with Commonwealth, state and territory partners to identify and prioritise targets of the highest risk to the Australian community. Coordinated responses are based on understanding crime threats and the opportunities to address them.

## National security

Part of our role is to examine and identify potential or actual convergences between serious and organised crime and national security impacts. As a member of Australia's national security community, we contribute to and inform the nation's holistic response to national security threats, both domestic and abroad. This year for example, through our coercive examinations we provided new insights and enhanced understanding about the foreign fighters' threat to Australia and shared national criminal intelligence with partners.

## Corruption

Where organised crime flourishes, corruption is a common denominator. We continue to work closely with the Australian Commission for Law Enforcement Integrity (ACLEI) and other Commonwealth agencies to deter and prevent corruption both within our own agency and more broadly. We have also assisted multiple agencies by providing intelligence of both a specific and general nature to support efforts to identify and prevent corruption.

## Collecting and sharing intelligence

Flagship products, such as our *Organised Crime Threat Assessment*, *National Criminal Target Report* and *Illicit Drug Data Report*, provide national assessments about threats and a comprehensive understanding of the threat and risk environment.

Intelligence collection activities this year were targeted to deliver the intelligence outcomes that are important to our Board and partners. Shared intelligence informed operational responses and influenced early intervention and prevention strategies to reduce harms to the community.



## Fusing intelligence

Our Fusion capability has matured to deliver new generation monitoring, alerting and advanced analysis. The practice of fusing multiple sources of intelligence is now embedded as a 'business as usual approach' that underpins our intelligence outcomes. This year, Fusion provided intelligence insights into emerging criminal methodologies, produced 981 intelligence products and unearthed 109 criminal targets previously unknown to national law enforcement.

## Valuable intelligence insights

In addition to sharing criminal intelligence and influencing national responses, we support the Government's tackling crime agenda through policy advice that supports innovative solutions. For example, this year we contributed to a broad range of parliamentary inquiries, informing and influencing the Government's response to issues such as financial crime and telecommunications interception.

## Efficient organisation

There was a necessary emphasis on efficiency this year. There has been a decline in appropriation since 2007–08 and our staffing levels are well below the minimum we have previously identified as required to be fully effective. Reduced funding and higher costs will mean further reductions in staffing levels in the years ahead. However, we are proactively managing our financial situation including through our workforce optimisation project, and through the development of a Property Strategy and Sustainable Investment Strategy, including plans for capital investment.

## Resilient future

As Australia's national criminal intelligence agency, we will continue working with our partners to support comprehensive and coordinated law enforcement efforts and deliver tangible results for the Australian Government, the ACC Board and the Australian community.

Looking forward, an important challenge is updating our technical capability, in particular our 30-year-old national intelligence database and system. This year we completed a major scoping study into how the system needs to evolve. We are now determining how to build a National Criminal Intelligence System to support a more technologically advanced and efficient response to serious and organised crime in Australia.

There are opportunities to further enhance capability to centralise and better coordinate intelligence analysis and products, by grouping together law enforcement databases. There remain a number of key law enforcement and criminal information databases that do not directly connect with the ACC. To optimise the systems and enable the ACC to meet our statutory role and function, a key plank of our strategic effort in the time ahead will be to enliven and optimise the access, collection, collation and analysis of criminal information and intelligence.

Serious and organised crime is using encryption and new forms of communication to significant effect. We need to do the same. This requires ACC investment to further develop and exploit the online environment to counter this threat.

Most organised crime in Australia has transnational links. We are enhancing our international capability to become more strategic and develop additional relationships to complement existing law enforcement networks.

We will also, of course, continue to target the heart of organised crime by identifying and confiscating unexplained wealth. In particular, we will continue our work with the finance sector to reduce the threat to Australia's \$1.62 trillion in superannuation assets from serious and organised crime investment fraud.

I note the continuing litigation around the use of material sourced by the ACC through the use of coercive powers. We will remain vigilant about the effect of challenges to existing law and the impact of any degradation to this essential tool in addressing the harm, impact and threat of serious and organised crime to Australians.

It is true organised crime is resilient. However, I am confident we have the strategic focus, capabilities, collaborative approach and devotion to duty needed to undermine that resilience. I look forward to working alongside my ACC colleagues and our partners in achieving our vision of reducing serious and organised crime threats of most harm to Australians and the national interest.



Chris Dawson APM  
Chief Executive Officer  
Australian Crime Commission



# Organised crime: the challenges

- **National security threat**—Serious and organised crime is a recognised threat to national security.
- **Pervasive and complex**—Serious and organised crime now touches the lives of Australians in unprecedented ways. For example, investment fraud, card skimming, health impacts of illicit drug use, dangers of suburban clandestine laboratories, online identity theft, infiltration of legitimate business, lost taxes, distorted share markets and eroded public trust.
- **Big business**—Globally, profits from transnational organised crime in 2009 were estimated at around US\$870 billion, a figure that has no doubt grown since.<sup>1</sup> This costs local economies billions of dollars. For Australia, we conservatively estimate that organised crime costs A\$15 billion a year.
- **Globalised**—Our intelligence indicates that around 60 per cent of Australia's serious and organised criminal threats are based offshore or have strong offshore links.
- **Cyber-savvy**—Virtual networking, virtual marketplaces, virtual currency: organised crime penetrates and capitalises on the cyber environment. Criminal groups can now target victims around the world from any location. The press of a button anywhere overseas can impact thousands of Australians simultaneously.
- **Diversified**—Traditional business of organised crime such as drug trafficking, fraud and money laundering survives and new forms are emerging. Serious and organised criminals exploit new technologies and increasingly target key economic assets and markets.
- **Concealed**—To support and conceal their criminal enterprises, serious and organised criminals corrupt officials, employ professional experts to facilitate crime, use violence and intimidation, and blend criminal activity with legitimate business.
- **Resilient**—Crime groups collaborate for mutual gain and quickly disperse or shift focus when disrupted. Criminal organisations are resilient and enduring.



**'Organised criminals are growing in sophistication and reach. The work of the ACC has never been more important.'**

*Mr Chris Dawson APM, ACC CEO*

<sup>1</sup> United Nations Office on Drugs and Crime 2011, *Estimating illicit financial flows resulting from drug trafficking and other transnational organized crimes*, UNODC, Vienna.

## CASE STUDY

# Eligo: the story behind the headlines

Task force seizes \$500m in drugs, cash

Australia's biggest money laundering probe

Secret task force just nabbed half a billion

January's news reports highlighted the \$500 million in drugs and cash seized by the Eligo National Task Force since 2012. While this is a significant result, the story behind the news will have a more profound and long-lasting impact on serious and organised crime.

### Back story

We established Eligo in late 2012 to respond to the high risk of money laundering through the alternative remittance sector and informal value transfer systems. This cash intensive sector transfers money around the globe, often outside formal systems. Parts of the sector are easily exploited, making it an effective money laundering channel with strong links to high risk countries and the involvement of global money laundering syndicates. Significant flows of funds support further high-risk crime, particularly illicit drug imports.

Through Eligo, we are working with the Australian Transaction Reports and Analysis Centre (AUSTRAC), the Australian Federal Police and state and territory law enforcement to strengthen information sharing and improve understanding of high risk remitters.

We are discovering who is involved in money laundering, understanding how they do it and supporting more effective responses and prevention strategies.

### Discover

In the past, efforts to stop money laundering usually centred on one criminal entity at a time. However, taking money launderers out of circulation one-by-one was doing little to stop the problem.

Through Eligo we have broadened the net to simultaneously track multiple players involved in suspicious money movements. We look at available information in a different way, drawn from a variety of sources including foreign partners and human sources and by using our Fusion capability (tools, access and data).

As a result, we have discovered multiple new methods of money laundering previously unknown to law enforcement. We have also been able to monitor the displacement that occurs—who moves in and how they take over—following arrests and seizures. This means law enforcement does not need to start again from scratch after each separate disruption.

## Understand

Eligo is improving our understanding of the alternative remittance sector, associated serious and organised crime risks and money laundering methodologies.

For example, we have a better understanding of hotspots, cultures and countries involved and how particular methods work, who uses them and why. We know that international controllers or 'super facilitators' use a variety of methods, selecting the easiest method on any given day. We also understand more clearly the interconnected nature of money laundering and the ripple effect of law enforcement intervention.

## Respond

Based on what we discover and understand, Eligo is creating numerous opportunities for law enforcement responses at various levels.

Eligo has demonstrated the capability of the ACC and our partners to combine quickly to achieve tangible operational outcomes such as seizures and arrests.

But Eligo is also creating longer-term prevention options. For example, we have helped AUSTRAC to better detect at-risk remitters.

We are educating and helping to drive professionalism in the remittance sector, which is becoming more formalised and is adopting stronger self-regulation.

We are also working with a range of partners to identify legislative and other changes to make it harder for money laundering to occur.

Eligo is an extension of the successful approach of 'following the money' that has delivered results in other areas including against tax crime. The multi-agency Project Wickenby, for example, effectively reached beyond Australia's borders, prosecuting those involved in offshore secrecy haven arrangements. Taking this a step further, we are working with international partners to coordinate global efforts against money laundering and have already seen the Eligo model replicated overseas.

## End game

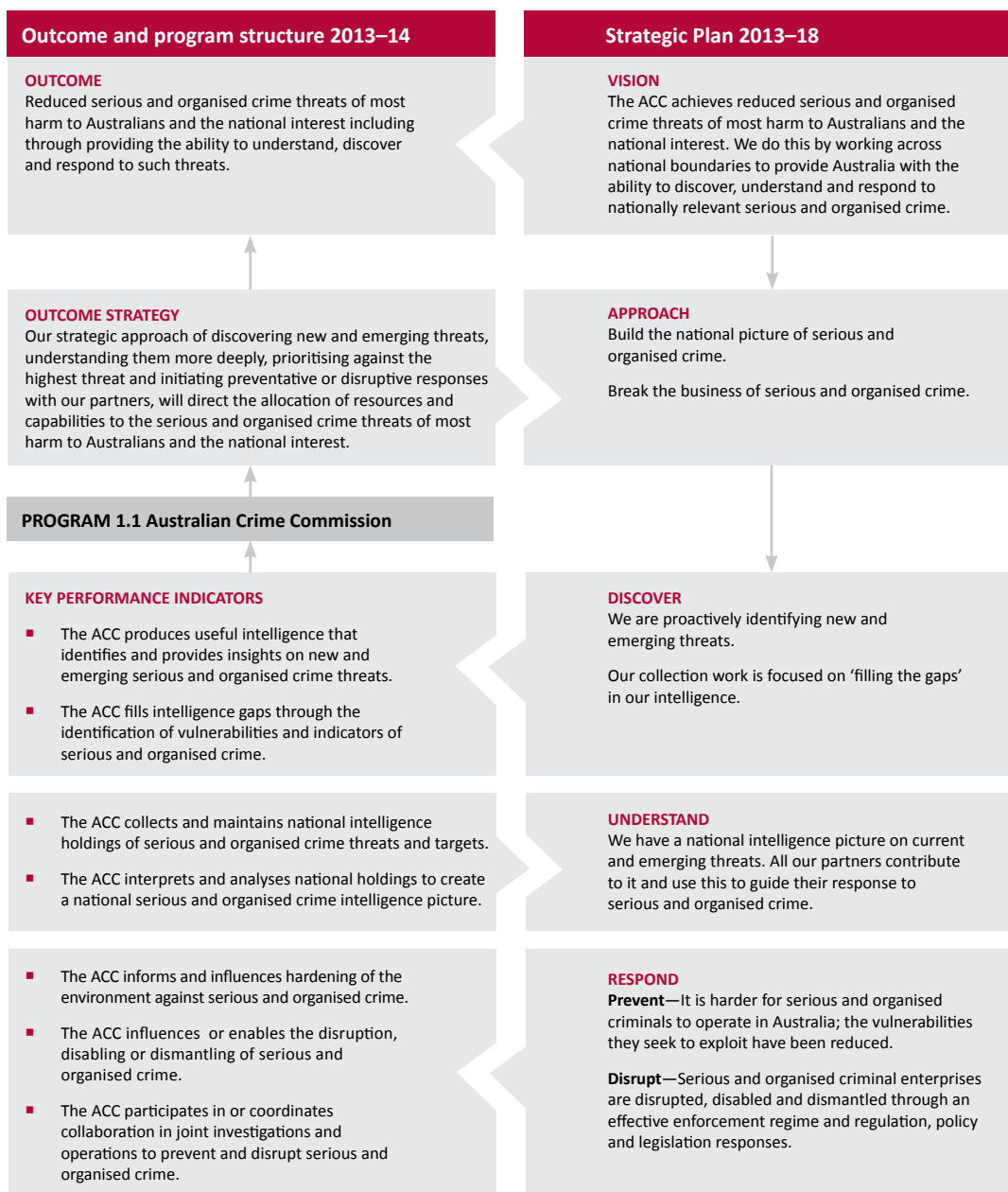
Eligo demonstrates the value of our strategic approach of 'discover, understand, respond'. One-off seizures that disrupt syndicates are still a valuable outcome and will continue to generate news coverage. However, Eligo is having a longer-lasting impact on serious and organised crime through its innovative, ongoing work behind the headlines, with the aim of making it too hard for money launderers to do business in Australia.



Some of the cash seized by the Eligo National Task Force earlier this year.

# Outcome and program structure

Our annual Portfolio Budget Statement (PBS) details our outcome and program structure. Within this framework, the outcome is the intended result, impact or consequence of our actions. We work towards our outcome through the activities that make up our program. Our 2013–14 outcome and program structure is summarised below along with the relationship to our *Strategic Plan 2013–14*. Unedited excerpts of the relevant sections of the PBS are at Appendix B and the complete 2013–14 PBS is at <[www.crimecommission.gov.au](http://www.crimecommission.gov.au)>.



# Our work focus in 2013–14

We produce strategic intelligence that builds the national picture of serious and organised crime. In addition, we work on specific ACC Board-approved investigations, intelligence operations and associated task forces. The Board also determines whether these are deemed ‘special’, which authorises the use of our coercive powers where traditional methods are not expected to be, or have not been, effective. This operational work is guided by and informs our intelligence outcomes, and is supported by our unique capabilities.

## Investigations

Our investigations are designed to disrupt and deter criminal groups by collecting evidence and intelligence about criminal activity. During 2013–14, our Board-approved special investigations were:

- Targeting Criminal Wealth
- Highest Risk Criminal Targets
- Highest Risk Criminal Targets—Victoria
- Highest Risk Criminal Targets—South Australia.

See Chapter 3 for details.

## Intelligence operations

Our intelligence operations focus on gathering intelligence around particular criminal activity so decisions are informed by the extent, impact and threat of that activity. During 2013–14, our Board-approved special operations were:

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

See Chapter 4 for details.

# Year's performance scorecard

## Outcome statement

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.

## Key performance indicators

The following scorecard outlines how our key performance indicators relate to our ability to **discover**, **understand** and **respond** to serious and organised crime threats.

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

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

We are also preparing for changes associated with the introduction of the *Public Governance, Performance and Accountability Act 2013* from 1 July 2014.

# Performance scorecard 2013–14

## DISCOVER

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

Key performance indicator	2013–14 Result	Achievements	Page reference
The ACC produces useful intelligence that identifies and provides insights on new and emerging serious and organised crime threats.	✓	<ul style="list-style-type: none"> <li>Identified and produced intelligence on emerging <b>money laundering</b> techniques and methodologies (Eligo National Task Force)</li> <li>Identified <b>previously unknown entities</b> laundering money between Australia and other countries (Eligo National Task Force)</li> <li>Identified previously unknown criminal targets establishing <b>illicit enterprises</b> in Australia (Project Iceberg)</li> <li>Produced over 60 intelligence reports providing previously unknown insights into illicit drug and money laundering activity by <b>outlaw motor cycle gang members</b> (AGICC)</li> <li>Identified new insights and enhanced understanding of the <b>foreign fighters' threat</b> to Australia (Project Advection)</li> <li>Identified new insights and enhanced understanding of serious and organised crime exploitation of a <b>visa migration program</b> (Project Chives)</li> <li>Identified, with partners, 109 nationally significant <b>crime targets</b>, previously unknown to national law enforcement (Fusion)</li> <li><b>93%</b> of stakeholder survey respondents agree or strongly agree that we achieved this key performance indicator</li> </ul>	16, 42  16, 43  50  93  70  73  89  121–122
The ACC fills intelligence gaps through the identification of vulnerabilities and indicators of serious and organised crime.	✓	<ul style="list-style-type: none"> <li>Produced an assessment on the potential for organised crime to use <b>3D printing</b> technology</li> <li>Produced an assessment on serious and organised crime threats and vulnerabilities in alternative <b>anonymous currencies</b></li> <li>Developed insights into the criminal methodologies used by a high risk crime group and filled intelligence gaps in relation to <b>illegal labour hire</b> (Project Tricord)</li> <li><b>89%</b> of stakeholder survey respondents agree or strongly agree that we achieved this key performance indicator</li> </ul>	31  46  51  121–122

## 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.

Key performance indicator	2013–14 Result	Achievements	Page reference
The ACC collects and maintains national holdings of serious and organised crime threats and targets.	✓	<ul style="list-style-type: none"> <li>Maintained the <b>National Criminal Target List</b> and made it available to partners through the National Target System</li> <li>Maintained the <b>Australian Criminal Intelligence Database</b> and made it available to partners through the Australian Law Enforcement Intelligence Network</li> <li>Conducted 263 <b>coercive examinations</b> to fill intelligence gaps, progress investigations in conjunction with our partners, and enhance understanding of serious and organised crime threats and targets</li> </ul>	91, 95  94–95  Chapters 3 and 4

## 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.

Key performance indicator	2013–14 Result	Achievements	Page reference
The ACC collects and maintains national holdings of serious and organised crime threats and targets (continued).	✓	<ul style="list-style-type: none"> <li>Maintained 1.8 million <b>firearm</b> transaction and importation records and provided analysis—received 571 firearm trace requests and provided 246 responses with information</li> <li>Responded to <b>requests for information</b> from national and international partners with 114 disseminations of intelligence holdings</li> <li>Provided a <b>shared understanding</b> of the serious and organised crime threats at the jurisdictional level (Project Macrobust)</li> <li>Compiled national <b>illicit drug data</b></li> <li><b>96%</b> of stakeholder survey respondents agree or strongly agree that we achieved this key performance indicator</li> </ul>	89  36  90  30 121–122
The ACC interprets and analyses national holdings to create a national serious an organised crime intelligence picture.	✓	<ul style="list-style-type: none"> <li>Produced the <b>Organised Crime Threat Assessment</b></li> <li>Produced the <b>National Criminal Target Report</b></li> <li>Produced the <b>Illicit Drug Data Report</b></li> <li>Produced a strategic assessment on organised crime in the <b>cocaine market</b></li> <li>Produced a strategic assessment on <b>illicit tobacco</b></li> <li>Produced a strategic assessment on <b>superannuation fraud</b></li> <li>Contributed to the Parliamentary Joint Committee inquiry into <b>financial related crime</b></li> <li>Contributed to the Commonwealth review of <b>anti-money laundering/counter terrorism</b> financing regime</li> <li>Developed intelligence picture on the size and threat of <b>financial crime</b> impacting on the Commonwealth (Project Wickenby)</li> <li>Identified involvement in <b>money laundering schemes</b> by high risk criminal targets</li> <li>Produced intelligence contributing to the national thinking in relation to the national <b>methylamphetamine market</b> (Project Baystone)</li> <li>Produced intelligence on the links between <b>organised crime and sport</b> (Project Aperio)</li> <li>Produced strategic assessment on organised crime influence in the <b>cannabis market</b></li> <li>Produced the first in a series of strategic assessments on the threats, risks and harms posed by <b>outlaw motor cycle gangs</b></li> <li>Produced intelligence on contemporary <b>identity crime</b> syndicate methodologies, structures and the vulnerabilities being exploited (Project Cumulus)</li> <li>Produced intelligence on the nature and extent of <b>child abuse and violence</b> affecting vulnerable Indigenous communities</li> <li>Developed <b>jurisdictional intelligence</b> to support the development of the national serious and organised crime threat picture (Project Macrobust)</li> <li>Shared 2164 <b>intelligence products</b> with 254 agencies</li> <li><b>91%</b> of stakeholder survey respondents agree or strongly agree that we achieved this key performance indicator</li> </ul>	28–29 29 30 31  31–32 32 34  34  44  42–43  62–63  63 64  68 73  75, 79–80  90  36 121–122

## Performance scorecard 2013–14 (continued)

### 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.

Key performance indicator	2013–14 Result	Achievements	Page reference
The ACC informs and influences the hardening of the environment against serious and organised crime.	✓	<ul style="list-style-type: none"> <li>Supported strengthening of the alternative money remittance sector and regulatory response to resist <b>money laundering</b> by organised crime (Eligo National Task Force)</li> <li>Reduced vulnerability to organised <b>investment fraud</b> (Task Force Galilee)</li> <li>Identified legislative gap in relation to potentially lethal family of <b>drug analogues</b> (Project Andronicus)</li> <li>Engaged with chemical companies to identify potential <b>diversion of chemicals</b> for illicit drug manufacture (Project Alberta)</li> <li>Supported the development of strategies to mitigate the <b>risks posed by serious and organised crime</b> to Australia Post (Project Alysse)</li> <li>Informed and influenced policy and program design, improved service delivery, and law enforcement decision-making, to help make <b>Indigenous communities safer</b> (National Indigenous Intelligence Task Force)</li> <li><b>83%</b> of stakeholder survey respondents agree or strongly agree that we achieved this key performance indicator</li> </ul>	<p>16–17, 43–44</p> <p>45</p> <p>64</p> <p>65–66</p> <p>73</p> <p>75–81</p> <p>121–122</p>
The ACC influences or enables the disruption, disabling or dismantling of serious and organised crime.	✓	<ul style="list-style-type: none"> <li>39 serious and organised criminal groups/networks <b>disrupted</b></li> <li>\$23.03 million <b>cash</b> seized</li> <li>More than \$386 million estimated street value of illicit <b>drugs</b> seized</li> <li>More than \$132 million estimated street value of <b>precursor chemicals</b> seized</li> <li>More than \$150 million in <b>assets</b> restrained</li> <li>\$82.75 million <b>forfeitures</b> and \$11.4 million in pecuniary penalty orders issued</li> <li>\$81.5 million <b>tax assessments</b> issued</li> <li>371 people arrested on 617 <b>charges</b></li> <li>84 <b>firearms</b> seized</li> <li>Referred <b>130</b> entities, with an estimated value of offending of \$166 million, for consideration by the Criminal Assets Confiscation Taskforce</li> <li><b>83%</b> of stakeholder survey respondents agree or strongly agree that we achieved this key performance indicator</li> </ul>	<p>Highlights of these achievements are included in Chapter 3 and Chapter 4.</p> <p>44</p> <p>121–122</p>



## 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.

Key performance indicator	2013–14 Result	Achievements	Page reference
The ACC participates in or coordinates collaboration in joint operations and investigations to prevent and disrupt serious and organised crime.	✓	<ul style="list-style-type: none"> <li>▪ <b>Eligo National Task Force</b> (Money laundering in alternative financial remittance sector—national) 43–44</li> <li>▪ <b>Criminal Assets Confiscation Taskforce</b> (Recovery of proceeds of crime—national) 44</li> <li>▪ <b>Project Wickenby</b> (Nationally significant tax fraud—national) 44</li> <li>▪ <b>Task Force Galilee</b> (Serious and organised investment fraud—national) 45</li> <li>▪ <b>Project Conway</b> (Disruption of high risk crime targets—Qld, NSW) 50–51</li> <li>▪ <b>Project Tricord</b> (Disruption of high risk crime targets—WA) 51–52</li> <li>▪ <b>Project Latchkey</b> (Disruption of high risk crime targets—Tas) 51</li> <li>▪ <b>Attero Task Force</b> (Disruption of Rebels outlaw motor cycle gang—national) 53</li> <li>▪ <b>Maritime task forces</b> (Disruption of organised crime exploitation of the maritime sector—Vic, NSW, Qld) 70</li> <li>▪ <b>Australian Gangs Intelligence Coordination Centre/Project Legion</b> (Criminal gangs—national) 67–68</li> <li>▪ <b>Project Lightfoot</b> (Foreign fighters—Qld) 70</li> <li>▪ <b>Project Advection</b> (Foreign fighters—national) 70</li> <li>▪ <b>Project Birsham</b> (Analytical support for Operation Sovereign Borders—national) 71</li> <li>▪ <b>Project Chives</b> (Serious and organised crime exploitation of visa migration program—national) 73</li> <li>▪ <b>Project Tallowwood</b> (Serious and organised crime exploitation of cyber and new technology—national and international) 72</li> <li>▪ <b>Project Cumulus</b> (Serious and organised crime exploitation of identity crime and card skimming—national) 73</li> <li>▪ <b>Project Alysse</b> (Serious and organised crime exploitation of Australia Post—national) 73</li> <li>▪ <b>National Indigenous Intelligence Task Force</b> (Indigenous violence and child abuse—national) 75–81</li> <li>▪ <b>91%</b> of stakeholder survey respondents agree or strongly agree that we achieved this key performance indicator 121–122</li> </ul>	



We maintain a **national intelligence picture** on current and emerging threats that our partners contribute to and use to guide responses to **serious and organised crime.**



## 2

# Criminal intelligence

Aim and results	page 26
Snapshot of our criminal intelligence work in 2013–14	page 27
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Policy submissions and advice	page 33
Other products	page 36
Looking forward	page 37

# Aim and results

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"> <li>■ producing useful intelligence that identifies and provides insights on new and emerging serious and organised crime threats</li> <li>■ filling intelligence gaps by identifying vulnerabilities and indicators of serious and organised crime</li> <li>■ interpreting and analysing national intelligence holdings to create a national serious and organised crime intelligence picture</li> <li>■ informing and influencing hardening of the environment against serious and organised crime.</li> </ul>	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 this year revealed that:

- 91 per cent of respondents agree or strongly agree that we interpret and analyse national holdings to create a national serious and organised crime intelligence picture
- 93 per cent of respondents agree or strongly agree that we produce useful intelligence and provide insights on new and emerging serious and organised crime threats
- 89 per cent of respondents agree or strongly agree that we fill intelligence gaps through the identification of vulnerabilities and indicators of serious and organised crime
- 83 per cent of respondents agree or strongly agree that we inform and influence the hardening of the environment against serious and organised crime.

# Snapshot of our criminal intelligence work in 2013–14

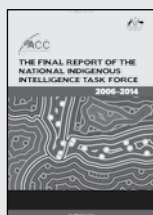


**2164 intelligence products** shared with 254 agencies



**44 operational analysis reports** on trends, methods and vulnerabilities

**Final report**  
of the National Indigenous  
Intelligence Task Force



**12 strategic assessments**  
of crime types, markets or  
national criminal issues

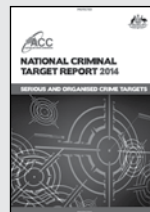
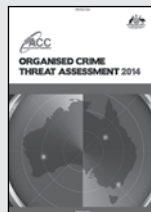
## Past, present, future

Picture of Criminality in Australia

Produced the *Organised Crime Threat Assessment 2014*

Produced the *National Criminal Target Report 2014*

Produced the *Illicit Drug Data Report 2012–13*



*of stakeholders surveyed agree  
we fill intelligence gaps*



*of stakeholders surveyed agree we  
produce useful intelligence insights*

# Context

## The threat

Serious and organised crime is sophisticated, globalised and of increasing threat to national security. It is becoming more pervasive, powerful and complex. The traditional business of serious and organised crime now operates alongside new and emerging forms, including exploitation of the cyber environment and increased targeting of key economic assets and markets.

## Our response

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 build up a national picture by fusing and analysing intelligence we gather from:

- investigations and intelligence operations (see Chapters 3 and 4)
- intelligence feeds from partner agencies.

Our intelligence products, advice and recommendations enhance national understanding of the organised criminal environment to inform collaborative responses, both immediate and longer-term.

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

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

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 2020*—likely future trends (classified).

## Organised Crime Threat Assessment

Our biennial, classified market-based assessment examines Australia's key illicit markets and the activities that enable serious and organised crime.

Markets range from illicit commodities (such as drugs and firearms) to crimes in the mainstream economy (such as superannuation and investment fraud) and crimes against the person (such as human trafficking and maritime people smuggling).

We assess the dynamics of each market and the level of organised crime involvement. We also assess each market's demand and supply drivers, and harms and consequences, to establish an overall level of risk to the Australian people and economy, as well as the risk relative to other markets.

In addition, we assess the key activities that enable serious and organised crime: money laundering, cyber and major technology crime, identity crime, the criminal exploitation of business structures, corruption and violence.



**‘This report is important and has implications for every Australian. The media needs to publicise it. And, most importantly, some deep thinking—which leads to action—is needed.’**

*Dr David Connery, Senior Analyst,  
Australian Strategic Policy Institute  
(about Organised Crime in Australia 2013)*

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. It underpins the Commonwealth’s Organised Crime Strategic Framework<sup>2</sup> 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. Over time it will also identify trends in organised crime risk levels. Our next *Organised Crime Threat Assessment* is due in mid-2016.

## Organised Crime in Australia

We produce this public version of the *Organised Crime Threat Assessment* every two years. The most recent edition, released in July 2013, provides a comprehensive profile of organised crime in Australia including characteristics, drivers, activities and enablers of serious and organised crime, as well as the extent and impact. It also provides government, industry and the public with information needed to better understand and respond to the threat of organised crime, now and into the future. Our next public version of *Organised Crime in Australia* is due in 2015.

## 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’.

This annual classified report provides decision-makers with a consolidated picture of the threat and risk posed by nationally significant serious and organised crime targets on the National Criminal Target List.

This year’s report details changes in risk, target numbers, market involvement, geographic location and membership trends, as well as implications for the future.

The report combines analysis of national and regional data from the National Criminal Target List with qualitative intelligence provided by Board agency partners and compiled by regional Joint Analyst Groups.<sup>3</sup>

Drawing on the analytic expertise of the Australian Institute of Criminology, the report also includes more sophisticated statistical analysis that evaluates the relationship between serious and organised crime groups and risk levels. It also incorporates findings from our strategic intelligence products (such as the *Organised Crime Threat Assessment 2014*, *Illicit Drug Data Report 2012–13* and *National Cybercrime Intelligence Assessment*) with operational intelligence and contemporary operational case studies.

This comprehensive approach ensures the findings are rigorous, valid and meaningful in the context of operational law enforcement work.

Importantly, the report also informs the development of strategic, evidence-informed measures to combat serious and organised crime.

We presented the *National Criminal Target Report 2014* to the ACC Board in June 2014.

<sup>2</sup> This framework identifies key organised crime threats and coordinates a whole-of-government response.

<sup>3</sup> 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.



**‘...this report provides critical evidence so that decision makers and law enforcement officers can develop further strategies to undermine the business models of organised crime’**

*The Hon Michael Keenan MP, Minister for Justice  
(launch of the Illicit Drug Data Report 2012–13)*

## Illicit Drug Data Report

We launched our most detailed *Illicit Drug Data Report* to date on 29 April 2014.

This public report, now in its 11<sup>th</sup> year, provides a national picture of the spectrum and extent of the illicit drug market in Australia. It provides an annual statistical overview of national illicit drug arrests, seizures and purity levels, based on data from our Commonwealth, state and territory partners, as well as academic and health data.

For the first time this year’s report also includes forensic profiling data of methylamphetamine and 3,4-methylenedioxymethamphetamine (MDMA) seizures, as well as profiling data for domestic heroin seizures. Unlike drug samples from plant-based drugs such as heroin and cocaine, where countries of origin can be determined, profiling data for amphetamine-type substances provides important information on the synthetic route of manufacture.

Over the last decade the illicit drug market has evolved and diversified, presenting new and unique challenges for law enforcement, policy makers and the community. By compiling data from a range of sources into one unique report, our *Illicit Drug Data Report* informs understanding and assists in focusing our collective efforts.

Feedback has been positive. For example, the Hon Lawrence Springborg MP, Queensland Minister for Health commended our work on the report, telling our CEO it ‘will be a very useful aid to planning the delivery of health services across the community’.

### Significant findings

- The number of arrests, seizures and weights of nearly all drug types reached decade or record highs this reporting period.

- There were a record 86 918 national illicit drug seizures, weighing 19.6 tonnes, and a record 101 749 national illicit drug arrests.
- On average there was one seizure every seven minutes, one arrest every six minutes, and one kilogram of illicit drugs seized every 28 minutes.
- Cannabis again accounted for the majority of national seizures and arrests, with the number of seizures the highest reported in a decade.
- The number and weight of amphetamine-type stimulants (ATS) seizures increased in 2012–13 and are the highest on record.
- Methylamphetamine, particularly crystalline methylamphetamine (commonly known as ‘ice’), is a national concern. With its relative accessibility, affordability and destructive side-effects, ice is emerging as a pandemic akin to the issue of ‘crack’ cocaine in the United States.
- Clandestine laboratories manufacturing ATS (excluding MDMA) continue to be the most common type of laboratory detected in Australia.
- Despite a decrease in the number of clandestine laboratories detected nationally, the number detected (757) was still the second highest on record.
- The majority of laboratories are located in residential areas.
- While the greatest proportion of laboratories continue to be addict-based (smaller scale ‘kitchen labs’), the proportion of laboratories of other sizes almost doubled in 2012–13.



## Organised Crime 2025

We are working on our classified *Organised Crime 2025* strategic assessment, for release in 2015. This will update our current *Organised Crime 2020* assessment.

This assessment analyses likely trends in environmental drivers—economic, societal, financial and technological—and how those factors are likely to influence organised crime and its impact on Australia. This involves collaborating with and drawing on a wide range of sources including government, academic and law enforcement. For example, last year we reviewed *Organised Crime 2020*, which identified that information and communications technologies and globalisation are increasingly enabling and amplifying the reach and impact of serious and organised crime. Principal risk areas include trends toward transnational criminal networking for illicit drug trafficking, money laundering and a variety of online frauds, including advance fee, financial securities and superannuation frauds.

By raising the level of understanding about possible and emerging organised crime capabilities and focus, we are assisting agencies to make decisions about policy priorities and the positioning of their operational capabilities for the future.

## Other strategic intelligence work

### Strategic assessments

Alongside our flagship strategic intelligence products, we produced strategic intelligence and assessments on a range of topics this year. These provided ACC Board member agencies and other relevant agencies with assessments of crime types, markets or criminal issues of national importance. Our strategic assessments support and influence a range of intelligence, operational and response decisions, and inform government consideration of future strategies including policy development. Examples this year include assessments of the cocaine market, the potential criminal exploitation of 3D printing, illicit tobacco in Australia and superannuation fraud.

### Organised crime groups involved in the Australian cocaine market

Our strategic assessment of the nature of the Australian cocaine market included identifying the Australia-based and transnational organised crime groups involved in this market. Our assessment was based on ACC and partner agency intelligence. Our findings confirmed that a significant number of Australia's highest risk criminal targets are involved in the cocaine market, that cocaine enters Australia through a diverse range of international routes, and that transnational criminals seek out relationships with Australian crime groups to distribute cocaine domestically. Ongoing and new information sharing arrangements between Australian and foreign law enforcement agencies are enhancing our ability to monitor the cocaine market. Such cooperation is imperative given the transnational nature of this market.

### 3D printing: more than just firearms

Over the past couple of years, there have been media reports about concerns that organised crime groups are starting to exploit 3D gun-printing technology. This year we examined and reported on the potential for organised crime groups to exploit emerging 3D printing technology for criminal benefit in the near future. Our assessment is that 3D printing poses a low threat to law enforcement agencies in the short-term. Reasons for this include the current state of the technology and the expertise required to use it. However, over time as the technology becomes more accessible, organised crime groups may seek to use it for various criminal acts. Our report recommends continued monitoring of this technology to provide law enforcement agencies with possible indicators of the use of 3D printing by criminal groups. We shared our report with domestic and international partner agencies to facilitate their assessments of the technology.

### Illicit tobacco in Australia

The illicit tobacco market is a priority for Commonwealth law enforcement and regulatory agencies. It costs millions in lost revenue and is dominated by serious and organised crime groups.

We produced a national strategic assessment on the illicit tobacco market, developed in partnership with the Australian Customs and Border Protection Service, the Australian Federal Police and the Australian Taxation Office. This assessment was released in July 2014. Our strategic analysts worked closely with their strategic and operational counterparts to consolidate intelligence holdings.

The report found that the market involves similar levels of organisation to illicit drug markets and that many of the organised crime groups involved in illicit tobacco are also involved in other illicit markets. We also identified further opportunities for law enforcement and regulatory agencies seeking to tackle the illicit tobacco market.

This report demonstrates our ability to deliver targeted strategic intelligence products on topics of immediate interest to our partners and customers. The product has directly informed a senior Commonwealth Working Group that is working to further enhance Government strategies to tackle the illicit tobacco market.

## Superannuation fraud

Australian superannuation funds currently hold more than \$1.6 trillion, an amount that is projected to increase significantly over the coming decades. Serious and organised crime groups are likely to view such a large pool of funds as a potential source of illicit profit.

Superannuation fraud encompasses a range of different activities such as opportunistic theft by advisors, individuals using facilitators to illegally access their own superannuation, and highly organised endeavours carried out by serious and organised crime groups. We produced a strategic assessment on this in November 2013, which supported the ongoing work from law enforcement and regulatory agencies to improve systems and contribute to legislative change.

## Assessing harms

One of the ways we enhance understanding of serious and organised crime is by assessing the harms associated with illicit activities or markets.

Our harms process provides an insight into the ways in which serious and organised crime impacts on Australian society. The process provides a way to measure and rate the impact of key illicit markets, organised crime activities and organised crime entities operating in Australia. This assists decision-makers in directing resources against the crime types or crime groups that are most damaging to the community. A key purpose of the harms process is to inform our *Organised Crime Threat Assessment*, which examines both the threat and harm of serious organised crime activities.

In 2013–14, we piloted a revised harms process. Based on the pilot's outcomes, we will further refine and develop the process in preparation for the next harms process, due by December 2015.

# Policy submissions and advice

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

In 2013–14, we 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 national security issues. For example, at a national level we contributed to the National Security Committee of Cabinet, the Law, Crime and Community Safety Council and inter-governmental forums. In addition, the ACC is a member of and contributes to the Secretaries Committee on National Security, the Heads of Commonwealth Operational Law Enforcement Agencies committee, the National Justice and Policing Senior Officers Group, the Cyber Security Operations Board, and the National Intelligence Coordination Committee and its associated sub-committees. Our intelligence contribution relates to serious and organised crime and other national security issues.

Internationally we contributed to the United Nations Crime Prevention Congress and Ministerial bilateral visits. The ACC is also a member of and contributes to the Strategic Alliance Group<sup>4</sup> (see page 97).

## Parliamentary inquiries

Throughout the year we also contributed to a range of Parliamentary inquiries affecting national law enforcement capability, including the following examples:

- *Senate Legal and Constitutional Affairs References Committee, Comprehensive revision of Telecommunications (Interception and Access) Act 1979*—We provided both an unclassified and classified submission to the Committee in March 2014 and appeared at a public hearing before the Committee in April 2014.

This inquiry is looking at the challenges posed by advancing technology and the impact on national security and law enforcement responses. This relates to our work including use of specialist capabilities for our Board-approved investigations and intelligence operations.

We outlined the fundamental evolution of telecommunications technology over the past 35 years since the *Telecommunications (Interception and Access) Act 1979* was implemented, and the impacts on law enforcement efforts to combat serious and organised crime.

We proposed reforms to the Act to enhance the ability of law enforcement to discover, understand and respond to organised crime, improve the privacy of Australian citizens, and support our partners in combating organised crime. Our proposed reforms include an obligation on telecommunications and ancillary service providers to provide law enforcement with mandatory assistance and uniform retention of telecommunications data, thereby ensuring information collected under the Act is able to be used for ACC purposes. The Committee is scheduled to report in October 2014.

- *Senate Legal and Constitutional Affairs References Committee, Crimes Legislation Amendment (Unexplained Wealth and Other Measures) Bill 2014*—In our unclassified submission to the Committee in April 2014, we strongly supported the proposed bill as a further step forward in the response to serious and organised criminal activity. This supports the intelligence work of our Targeting Criminal Wealth special investigation (see page 42).

We noted that organised crime is motivated by profit, and any tools that undermine this profit motivation should be welcomed.

<sup>4</sup> The Strategic Alliance Group agreed at its May 2014 meeting to change its name to the Five Eyes Law Enforcement Group.

We also noted our past support for investigations into unexplained wealth and that we will continue to identify and seize unexplainable assets and proceeds of crime by providing our unique intelligence collection and investigative capabilities.

The Committee recommended the Senate pass the bill which, as at 30 June 2014, was before Parliament.

- *Parliamentary Joint Committee on Law Enforcement, Inquiry into financial related crime*—We provided an unclassified submission and summary of intelligence on financial crime in May 2014, and will appear before the Committee during 2014–15. In our submission, we noted that serious financial crimes have a pervasive and lasting impact on the Australian community and its economy.

Information sharing is essential to enable Commonwealth, state and territory law enforcement and regulatory agencies to readily share and access relevant criminal intelligence holdings. However, reforms to the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* and *Telecommunications (Interception and Access) Act 1979* would better support effective information sharing arrangements and cross-agency collaboration.

We noted the importance of the private sector in understanding and combating financial-related crime to develop effective prevention strategies that limit the impact of serious financial crime on Australia.

We also noted that our Financial Capability Strategy is a framework for developing and enhancing our investigative and analytical staff, systems and practices to ensure we are prepared to meet the evolving challenges posed by serious financial crime. More on our Financial Capability Strategy (and our other two key capability strategies) is on pages 96–97. As at 30 June 2014, this inquiry was ongoing.

- *Commonwealth review of Australia's anti-money laundering/counter-terrorism financing (AML/CTF) regime*—In March 2014 we provided a classified submission to the statutory review of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*, led by the Attorney-General's Department. We noted that money laundering is a key enabler of serious and organised crime and, as a result, money laundering intelligence is a crucial component of most organised crime investigations.

This includes Australian Transaction Reports and Analysis Centre (AUSTRAC) information under the AML/CTF regime.

We recommended several changes that we consider would enhance the current legislation and make it harder for serious and organised crime to launder the proceeds of crime. As at 30 June 2014, this review was ongoing.

- *Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity, Inquiry into the jurisdiction of the Australian Commission for Law Enforcement Integrity*—We provided an unclassified submission to the inquiry in May 2014, and will appear before the Committee during 2014–15.

We noted that public sector corruption is an enduring threat, and can undermine the trust in government and can facilitate illegal activities of organised crime groups. We also noted our strong relationship with the Australian Commission for Law Enforcement Integrity (ACLEI), including supporting its investigations.

We recognised that officers in a number of areas across the Commonwealth Government are at particular risk of being targeted by organised crime groups. This is due to their access to criminal intelligence or other sensitive government information that could be used to perpetuate fraud or other illegal activity.

We recommended the Committee examine whether an intelligence-led, activity-based approach to ACLEI's jurisdiction would be a more effective and efficient use of resources, and ensure that ACLEI remained focused on the highest risk areas of Commonwealth agencies. As at 30 June 2014, this inquiry was ongoing.

- *Review of the Freedom of Information Act 1982 (FOI Act) and the Australian Information Commissioner Act 2010*—The review report by Allan Hawke AC was released in July 2013. It recommended the ACC be excluded from the operation of the FOI Act, to provide protection for criminal information and intelligence.

This supported our position as outlined in our 2012 classified submission to the review. In our submission we outlined issues with the Act that posed risks to the integrity of sensitive ACC information and intelligence, comparisons with state legislation, and our role as a Commonwealth intelligence agency.

- *Victorian Parliamentary Inquiry into the supply and use of methylamphetamines, particularly ice, in Victoria*—We provided an intelligence-based submission and attended a public hearing of this inquiry. Consistent with our findings in our latest *Illicit Drug Data Report* (see page 30), we highlighted the pandemic-like threat posed by methylamphetamine in Australia.

## Other inquiries

Our contribution to other policy-related inquiries and reviews included the following:

- In March 2014, we appeared with the Australian Federal Police and Victoria Police at a public hearing held by the Senate Education and Employment References Committee to examine the Government's approach to re-establishing the Australian Building and Construction Commission. Our appearance was in reference to the presence of organised crime in the construction and building sector. The Committee recommended the Senate not support the re-establishment of the Australian Building and Construction Commission.
- In early 2014 we contributed to the whole-of-government submission to the international Financial Action Task Force (FATF) as part of its mutual evaluation (peer review) of Australia's compliance with the FATF's 40 recommendations and overall effectiveness in combating money laundering and terrorist financing. The FATF is an inter-governmental body that sets standards (in the form of the 40 recommendations) and promotes effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. Our contribution focused, in particular, on demonstrating the critical role multi-agency task forces have had in targeting money laundering activity and the restraint of proceeds of crime. The FATF is scheduled to publish its report in 2015.
- We provided a submission to the National Commission of Audit in November 2013 outlining the importance of Commonwealth Government involvement in combating organised crime and our important role as the national criminal intelligence agency with specialist investigative capabilities. The National Commission of Audit released its report early 2014. It recommended CrimTrac be merged with the ACC to better harness our collective resources. It also recommended that the Australian Transaction Reporting and Analysis Centre (AUSTRAC) be reviewed to determine if it should also form part of the ACC.
- We provided intelligence and policy support to Australia's delegation to the United Nations Commission on Crime Prevention and Criminal Justice, held in May 2014. This included supporting the development of a draft resolution for adoption by the United Nations Economic and Social Council, to strengthen international cooperation in addressing smuggling of migrants. Australia co-sponsored the draft resolution.
- We contributed to a portfolio submission in July 2013 to the Senate Standing Committee on Legal and Constitutional Affairs, which examined the proposed *Telecommunications Amendment (Get a Warrant) Bill 2013*. The Bill lapsed at the end of the last Parliament in August 2013.

## Other products

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

- **Reports and briefs**—We produced 92 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 44 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 2011 information reports and other information this year. This is our main way of recording and sharing information derived from operational activity.
- **Responses to requests for information**—We responded to requests for information from national and international partners with 114 disseminations of intelligence holdings and 246 responses to firearm trace requests. We provide responses in a range of formats, most often as information reports.

## ACC intelligence outputs

Product type	2012–13	2013–14
<b>Analytical</b>		
<i>Picture of Criminality in Australia</i> suite	4	5
Strategic assessments	12	12
Operational analysis	72	44
Intelligence briefs and issues reports	91	92
<b>Tactical</b>		
Information reports	1335	1618
Other tactical information	352	393
<b>TOTAL (all products)</b>	<b>1866</b>	<b>2164</b>

# Looking forward

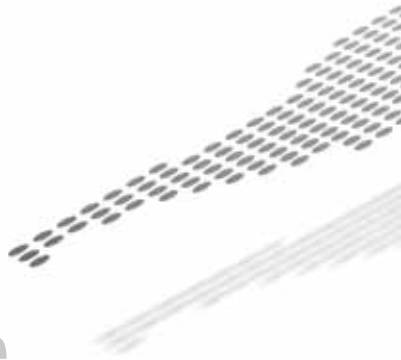
In the coming year our focus for criminal intelligence will include releasing our next major public document on organised crime, *Organised Crime in Australia 2015* and continuing to provide timely and relevant strategic assessments on topics related to the organised crime threat to Australia.

In addition, we will develop our process to assess the harm associated with serious and organised crime and continue to contribute to government and parliamentary enquiries related to organised crime.

We will also progress a pilot program to determine an up-to-date cost of the impact of serious and organised crime on Australia.



**We inform and influence decisions to help prevent serious and organised crime.**



Special investigations are  
designed to **disrupt and deter**  
**criminal groups** by collecting  
evidence and intelligence about  
criminal activity.





# 3

## Investigations

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## Aim

Special investigations, as approved by the ACC Board, are designed to disrupt and deter criminal groups by collecting evidence and intelligence about criminal activity. They may use coercive powers (examinations and notices) combined with other investigative tools including telecommunications intercepts, surveillance and controlled operations (operations to obtain evidence that may involve an ACC officer or a supervised civilian in acts or omissions that would, but for legal indemnity, constitute an offence).

Through our investigations, we discover, understand and respond to serious and organised crime threats to break the business of serious and organised crime.

## Focus

During 2013–14, we had four approved special investigations:

- Targeting Criminal Wealth
- Highest Risk Criminal Targets
- Highest Risk Criminal Targets—Victoria
- Highest Risk Criminal Targets—South Australia.

Our efforts focusing on criminal profit through the Targeting Criminal Wealth special investigation this year continued to assist with related work in our other special investigations and operations, including identifying and disrupting high risk criminal targets and seizing illicit drugs.

## Result

We achieved our aim by contributing to 28 disruptions to crime entities. In addition, we achieved our key performance indicators 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
- 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.

The arrests and charges resulting from our work in this and previous years resulted in 40 people being convicted this year.

# Snapshot of our special investigations work in 2013–14



**more than \$385 million**

drugs seized (estimated street value)  
more than \$316 million was meth



**Unprecedented collaboration**

to prevent money laundering through  
the Eligo National Task Force



**more than \$150 million**

assets restrained



**Identified 200 offshore**

bank accounts as receiving  
\$121 million proceeds of crime



**\$76.1 million forfeited**

by the Criminal Assets Confiscation Taskforce



**28 disruptions**

to crime entities



**143 coercive examinations**

improved national understanding



**130 entities**

referred to the Criminal Assets  
Confiscation Task Force  
(estimated value of offending \$166 million)



**more than \$114 million**

meth precursors seized



**1514 intelligence products**



**40 people convicted**



**4 clandestine labs**

disrupted



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

# Targeting Criminal Wealth

## Context

Almost all organised crime is motivated by profit. Providing intelligence to identify and stop criminal money flows is one of the most effective ways to disrupt the activities of serious and organised crime networks and reduce the harm they cause. This broad special investigation into financially motivated crime brings together our work investigating money laundering, serious and organised superannuation and investment fraud, sophisticated tax evasion and confiscating criminal wealth.

## Purpose

Through the Targeting Criminal Wealth (TCW) No. 2 special investigation we work with our partners to:

- deliver financial intelligence that identifies high value targets and provides new opportunities for law enforcement and regulatory partners
- build national knowledge of money laundering, nationally significant tax fraud and other financially motivated crimes
- help make Australia unattractive for abusive financial arrangements and money laundering
- reduce the impact of superannuation and investment fraud on the Australian community
- produce intelligence that contributes to whole-of-government policies and law enforcement decision-making.

The special investigation is approved until 30 June 2016.

## Achievements

### Collecting, analysing and sharing intelligence

During the year, we conducted 69 coercive examinations to investigate criminal activity and inform law enforcement, national security, regulatory and policy agencies around the country.

We produced 419 intelligence products which we shared with partners through 1084 disseminations—building greater understanding of emerging issues. This included identifying:

- emerging money laundering techniques and methodologies
- previously unknown entities laundering money between Australia and other countries
- involvement in money laundering schemes by high risk criminal targets.

### Discovering and understanding serious and organised crime

Work under our Targeting Criminal Wealth special investigation included significant 'discover' and 'understand' results, including the following:

- Through Eligo-Thanatos we discovered a methodology where illicit substances from North Asia and South America were being imported by sea and air to South Pacific countries and then imported into Australia. As a result of this discovery, our partners seized 3.4 kilograms of cocaine in November 2013.
- As a result of other intelligence we discovered, our partners shut down a large-scale hydroponic cannabis plantation in November 2013.

Many of our discover and understand results lead to effective responses. Further examples follow.

## Delivering operational results

During 2013–14 this special investigation:

- seized more than \$21 million cash
- contributed to the seizure of illicit drugs with a combined estimated street value of more than \$140 million
- seized precursor chemicals with an estimated street value of \$6.19 million
- restrained more than \$132 million worth of assets
- contributed to issuing tax assessments worth \$66 million and recoveries worth \$14.50 million
- disrupted 13 serious and organised criminal groups/networks
- arrested 105 people on 216 charges.

## Reducing money laundering—Eligo National Task Force

Results achieved through the ACC-led Eligo National Task Force are a highlight of our work under the Targeting Criminal Wealth special investigation this year. Through Eligo, we partner with the Australian Transaction Reports and Analysis Centre (AUSTRAC) and the Australian Federal Police to reduce the money laundering risks inherent in the use of the alternative money remittance sector and other informal value transfer systems.

The alternative remittance sector provides a cost effective way to legitimately and instantaneously move funds around the world. However, organised criminals exploit this cash intensive sector to transfer illicit profits to offshore accounts. As well as disrupting organised crime activities, Eligo is driving professionalism in the sector, working with industry and the banking sector to harden the environment against further exploitation.

Highlights of Eligo's achievements in 2013–14 include:

- *Millions in cash and drugs seized*—We seized more than \$21 million in cash. This includes one of the largest single cash seizures in Australia when Australian Federal Police and ACC officers, acting on ACC-generated intelligence, located \$5.65 million in cash in January 2014 in Sydney. A person was charged with one count of dealing with property reasonably suspected of being proceeds of crime. We also seized more than \$140 million in drugs and \$6.19 million in precursor chemicals.
- *Targets discovered and disrupted*—We discovered 95 targets previously unknown to law enforcement and disrupted 12 serious and organised criminal entities, resulting in 227 charges against 110 people<sup>5</sup>, including the following examples:
  - Through Project Eligo-Thánatos, we seized more than \$3.26 million in cash, and drugs and precursors worth an estimated street value of more than \$36 million, significantly disrupting a high risk serious and organised crime syndicate that was well-funded, resourceful and resilient to law enforcement attention.
  - Project Eligo-Halfmoon targeted money laundering cells that were moving proceeds of crime offshore. We identified several criminal groups using these money laundering services that were involved in drug importations. As a result, \$2.82 million in cash was seized this financial year, along with drugs with an estimated street value of more than \$3.57 million.

<sup>5</sup> Some disruption and charges initiated through the Eligo National Task Force were achieved in collaboration with Highest Risk Criminal Targets special investigation projects.

- Through the Eligo National Task Force, three people were arrested and \$899 460 in cash was seized from two suitcases in the possession of a Finnish national couple, who had just arrived in Australia. The third person, a Hong Kong national, had arrived in the country two days earlier. It is alleged that the money came from drug sales and all three had links to a global drug syndicate. The three were charged with dealing in property suspected of being proceeds of crime.
- **High risk operators identified**—Working closely with AUSTRAC, we explored ways of using the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* to prevent serious and organised crime groups from exploiting high risk operators in the alternative remittance sector and informal value transfer systems. As a result AUSTRAC:
  - refused to register five of the highest risk operators on the Remittance Sector Register
  - imposed registration conditions on 15 operators
  - is considering the status of a number of other operators.
- **Awareness raised**—In partnership with AUSTRAC, we developed a communications strategy to engage with the remittance and banking sectors, to raise awareness of the threat and harden the environment against criminal exploitation. For example, Eligo:
  - provided fact sheets to remittance businesses about the threat of money laundering, methodologies used and how to identify suspicious behaviour
  - explained our objectives to major bank and remittance network providers, including how a cooperative approach and targeted information sharing is key to further success
  - attended a series of forums with the banking and remittance sectors, with the aim of professionalising Australia’s money remittance sector.

## Recovering criminal assets—Criminal Assets Confiscation Taskforce

We are part of the Criminal Assets Confiscation Taskforce (CACT), which is led by the Australian Federal Police and also includes experts from the Australian Taxation Office. We gather and analyse intelligence, and provide legal support and strategic advice on illicit money flows affecting Australia as well as helping to generate and prioritise crime targets for proceeds of crime action. This year the CACT:

- obtained restraining orders to the value of \$134 million<sup>6</sup>
- forfeited \$76.1 million in assets and issued pecuniary penalty orders to the order of \$11.4 million.

This year we referred 130 individual and corporate entities for consideration by the CACT. Those entities are suspected to have been involved in an estimated value of offending totalling \$166 million, some over lengthy periods.

## Reducing tax crime—Project Wickenby

Our joint investigation with the Australian Taxation Office began in 2004 and grew to include unprecedented Australian and international inter-agency cooperation in a long-term investigative strategy against offshore secrecy haven arrangements. Our main contribution is to assist partner agencies by gathering intelligence to disrupt and deter tax fraud of national significance, advance proceeds of crime aspects of partner investigations, and recommend ways to enhance the legal and regulatory environment. Wickenby results this year included the following highlights:

- We provided intelligence to our Wickenby partners that advanced their investigations and contributed CACT referrals.
- We worked with partners to develop an intelligence picture of the size and threat of serious financial crime impacting on the Commonwealth, to focus and prioritise operational responses.

<sup>6</sup> This figure includes the value of assets restrained as a result of referrals from our projects outside the Targeting Criminal Wealth special investigation.

- A 12-week trial in the Perth Supreme Court concluded on 12 November 2013, with alleged tax scheme promoter, Gregory Dunn, convicted for tax fraud and subsequently jailed for seven years.
- On 4 April 2014 in the District Court of Western Australia, Stephen Wharton was sentenced in relation to three charges of dishonestly causing a loss to the Commonwealth by tax evasion. He was sentenced to three years on each count to be served concurrently, with a minimum term of imprisonment of two years.

From 2004 to 30 June 2014, Project Wickenby recouped more than \$849 million, including:

- more than \$346 million in improved voluntary compliance
- more than \$500 million in cash collections
- \$2.75 million in other money recouped under proceeds of crime.

To date, 74 people have been charged with indictable offences and there have been 45 convictions. Since Wickenby started, we have referred 19 people to the Commonwealth Director of Public Prosecutions for criminal prosecution.

### Reducing organised investment fraud—Task Force Galilee

From April 2011 to 30 June 2014, Task Force Galilee responded to the threat of serious and organised investment fraud. This type of fraud is often based offshore and known as ‘boiler-room’ fraud because of the high pressure sales tactics used to sell investments that are either non-existent or fraudulently misrepresented. Galilee involved 19 Commonwealth agencies and 25 industry organisations. This task force continued to provide an effective framework for participating agencies to coordinate and build on individual efforts and capabilities to significantly disrupt and prevent this type of criminal activity in Australia.

Task Force Galilee ceased on 30 June 2014.

Results this year from our work through Galilee and the related Project Windward include the following highlights:

- We continued to develop a picture of the risks posed by crime entities deemed to have the highest impact on Australian investment and superannuation markets through fraudulent schemes. Intelligence obtained provided the basis for financially motivated crime information included in our classified *Organised Crime Threat Assessment 2014* (see page 28).
- We confirmed that more than 2600 Australians have lost more than \$113 million to date, but the now more comprehensive intelligence picture indicates this cost is likely much higher.
- As a result of Galilee, we have formed enduring partnerships to improve our ability to discover, understand and respond to the modern serious and organised investment fraud threat. These relationships are part of our modern arsenal in the transnational threat environment, and also bolster work against many new threats and subsequent projects, including the Eligo National Task Force.
- We prepared an assessment of the nature and extend of cold call investment fraud targeting Australia. This product helped our partners understand and respond to the increasing prevalence of serious and organised investment fraud in Australia.

### Tracing illicit transactions

- *Offshore accounts*—This year the Financial Intelligence Assessment Team (FIAT) within the Fusion capability identified 200 offshore bank accounts that have collectively received \$121 million over the past 20 months. The funds were sent by 165 individuals, many of whom were either non-citizens, people linked to recent money laundering and illicit drug investigations, or people using false identity documents. The remittance activity is highly coordinated and we assess that the bulk of the \$121 million is proceeds of crime.

- **Online currencies**—Our research under Targeting Criminal Wealth Projects Rumpere and Lumberjack resulted in a strategic intelligence assessment and better understanding of the serious and organised crime threats and opportunities in alternative anonymous currencies like Bitcoin. It also led to the development of technical methodologies to trace illicit online transactions. Following arrests of significant Bitcoin exchangers on money laundering charges, the spotlight was again on such online currencies. Our collection of Bitcoin exchange data has not only provided an insight into the scope of Bitcoin use in Australia, but also provided a valuable opportunity for the ACC Cyber Intelligence (CyberInt) to research technical methodologies for identifying criminal users of this anonymous online currency.

## Looking forward

Money drives the overwhelming majority of all serious organised crime. It provides both a reward for those undertaking criminal activity and a means of financing future activity.

In 2014–15 the Targeting Criminal Wealth special investigation will focus on money as a means of prompting proceeds of recovery action (including on unexplained wealth) and discovering and informing our partners about methodologies, groups and targets previously unknown to law enforcement. Key drivers of this activity will be the Eligo National Task Force, Criminal Assets Confiscation Taskforce and the inter-agency Project Wickenby.

# SPOTLIGHT ON...

## Achievements since the task force began

Since it began in December 2012, Eligo has disrupted several global money laundering and drug networks and achieved significant outcomes including:

- seizing more than \$37.86 million cash
- seizing drugs and precursors with a combined estimated street value of more than \$642 million through seizures in Queensland, New South Wales, Victoria, South Australia, Tasmania and Western Australia
- dismantling the largest ever clandestine laboratories discovered in Victoria
- discovering the largest indoor hydroponic cannabis crop in New South Wales
- seizing one of the largest amounts of liquid methylamphetamine in Victoria (365 litres in April 2013 in Melbourne)
- seizing more than \$30 million worth of assets and the referral of over 150 entities to the Australian Taxation Office (ATO) for suspected money laundering/tax evasion
- disrupting 25 serious and organised criminal groups/networks
- identifying more than 180 targets previously unknown to law enforcement
- arresting 167 people on 362 charges, including many serious drug offences
- identifying a significant number of highest risk offshore targets impacting Australia
- identifying and producing intelligence about emerging money laundering techniques and methodologies.



# Eligo National Task Force

Importantly, Eligo's significant operational activity has identified new methodologies and syndicates, previously unknown to law enforcement. Eligo has produced more than 230 tactical and analytical intelligence products, which our partners have been able to act on to inform investigative opportunities and longer-term strategic decisions.

## International recognition

On 4 February 2014, Eligo was favourably reviewed at the United Nations Office on Drugs and Crime (UNODC) law enforcement forum in Vienna. Eligo's successes were highlighted in UNODC's Global Program on Money Laundering presentation on money transfer businesses and targeting illicit money flows.

The presentation noted this 'example of the amount of illicit funds flowing through such channels' and that Australia was 'leading the way' in responding.

In addition, Fusion engagement with INTERPOL in relation to Eligo led to the ACC joining the Global Focal Point Initiative on Corruption and Money Laundering in March 2014.

For details of how Eligo is demonstrating the success of our 'discover, understand, respond' approach, see the case study on page 16.



Announcement of Eligo's record \$5.65 million cash seizure in Sydney on 18 January 2014, with (l-r) Uri Shafir, Assistant Attache to Australia, US Drug Enforcement Administration; the Hon Michael Keenan MP, Minister for Justice; Paul Jevtovic APM, Executive Director, ACC; Tony Negus APM, Commissioner, Australian Federal Police; and John Schmidt, Chief Executive Officer, Australian Transaction Reports and Analysis Centre.

## TCW performance scorecard 2013–14

TCW aim	How we achieved this aim	TCW 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 assessments, and intelligence products, which we shared with partner agencies.	✓	✓	✓
	Disrupted global money laundering and drug networks, seized cash and drugs, identified emerging money laundering methodologies and previously unknown criminal targets. Also raised awareness and improved professionalism of the alternative remittance sector to prevent further exploitation.	✓	✓	✓
	Contributed to investigations and prosecutions relating to tax fraud and tax evasion.	✓	✓	✓
	Further developed the picture of risks posed by serious organised investment fraud.		✓	✓
	Identified offshore bank accounts receiving millions of dollars from proceeds of crime.	✓	✓	
	Improved understanding of threats linked to online currencies such as BitCoin and developed methods for tracing illicit online transactions and identifying criminal users of this currency.	✓	✓	
		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.

# Highest Risk Criminal Targets

## Context

The highest risk serious and organised crime entities pose a threat to Australia's national interests. Most operate across one or more state borders and have international links. They have a significant influence over illicit commodity markets. They are also involved in diverse legitimate sectors to facilitate their criminal activities. The ongoing risk presented by the highest risk serious organised crime entities underscores the importance of a nationally coordinated intelligence and investigative response.

## Purpose

Through the Highest Risk Criminal Targets (HRCT) No. 2 special investigation, we work with our partners to:

- identify, detect and disrupt the highest risk serious and organised crime entities which represent the greatest threat in each jurisdiction and nationally
- reduce the threat posed by the highest risk criminal targets
- enhance national understanding of the serious organised crime environment.

Key areas of focus this year included highest risk serious and organised crime entities involved in criminal finances, illicit markets, firearms and enabling activities.

This special investigation is approved until 30 June 2016.

## Achievements

### Collecting, analysing and sharing intelligence

During the year, we conducted 70 coercive examinations which generated intelligence our partners could act on regarding serious and organised crime targets that represented the greatest threat and risk nationally. This included investigations into use or possession of firearms.

We produced 1088 intelligence products, which we shared with partners through 2955 disseminations, enhancing understanding about:

- highest risk criminal targets structures and activities
- illicit commodity importation methods
- management of wealth and proceeds of crime
- communication methodologies
- factors that contribute to the target longevity and resilience.

This intelligence:

- identified leads into known and previously unknown serious and organised crime targets
- triggered opportunities to take further action
- highlighted emerging threats and risks as well as emerging issues and shifts in Australia's illicit commodity markets
- deepened understanding of which countries pose the greatest harm to Australia's national security in the context of serious and organised crime
- informed responses including disruptions, and intervention and prevention strategies.

### Delivering operational results

During 2013–14 this special investigation:

- seized approximately \$1.57 million cash
- contributed to the seizure of illicit drugs with a combined estimated street value of more than \$244 million
- seized precursor chemicals with an estimated street value of more than \$107 million
- restrained \$17.41 million worth of assets
- contributed to issuing tax assessments worth \$15.5 million and recoveries worth \$1 million
- disrupted 15 serious and organised criminal groups/networks
- arrested 255 people on 383 charges.

## Identifying new criminal targets—Project Iceberg

Through Project Iceberg we are exploiting the widest range of data holdings possible, particularly financial records, to identify new targets involved in serious and organised criminal activity. We provide the results to our partners for further action.

This year, we helped discover previously unknown criminal targets, including entities intent on establishing illicit enterprises in Australia. Through Iceberg we added two new targets to the National Criminal Target List (this list is explained on page 91).

Resulting investigations:

- improved understanding of illicit drug distribution and money laundering methodologies
- led to two seizures of methylamphetamine, with an estimated street value of \$1.49 million
- led to seizures of \$39 700 cash and \$264 000 of gold jewellery.

In addition, the Victorian Joint Organised Crime Taskforce, which is led by the Australian Federal Police, responded to intelligence we provided. This led to:

- seizures of heroin, methcathinone, cocaine and methylamphetamine with a combined estimated street value of \$9.75 million
- a seizure of \$169 900 cash.

Beyond this project's stated aims, but critical to its success, this work has also enhanced our advanced analytics capabilities and innovative analytical techniques.

## Monitoring serious and organised criminal risk—Project Rosencrantz

Project Rosencrantz collects and exploits a range of data to monitor and better understand Australia's most significant serious and organised criminal risks. We share results of this work with our partners through information reports and other intelligence products.

As a result of this project, partner agencies have been able to justify and prioritise specific investigation actions and objectives.

Highlights of our monitoring capability in 2013–14 include:

- identifying more than \$1.7 million in suspicious transactions between Australia and New Zealand
- contributing to Department of Foreign Affairs and Trade passports investigations into fraudulent passport activity—this intelligence assisted the Department to coordinate cross-agency and jurisdictional intervention activity
- identifying re-emerging risk among several previously active serious and organised crime targets—one of these targets had previously been involved in the importation of 550 kilograms of drugs
- identifying a risk pattern through targeted data collection that can be used to detect probable criminal activity—one such analysis identified up to 20 new targets that are of interest to law enforcement agencies.

## Disrupting criminal targets

### Project Conway

This project was led by the Queensland Police Service and also involved the Australian Customs and Border Protection Service, Australian Federal Police, NSW Police Force and New South Wales Crime Commission. The project provided contemporary intelligence across several high rated targets on the National Criminal Target List, and exploited ACC specialist capabilities to further understanding about opportunities and vulnerabilities associated with the targeted syndicate.

The syndicate was highly resilient and entrenched, with ongoing criminal activity across several states over a lengthy period. Joint agency collaboration identified significant targeting opportunities across the syndicate.

This project culminated in early April 2014, with the Queensland arrests of nine targets on the National Criminal Target List and 19 outlaw motor cycle gang members and associates. Overall, the related Queensland Police Service-led operations (of which Project Conway was part) resulted in the arrest of over 170 people on extensive drug related charges, including importation, trafficking and supply of cocaine, MDMA and methylamphetamine.

During the project over 3.5 kilograms of cocaine was seized as well as other smaller drug seizures amounting to a total estimated street value of more than \$3.5 million. Also seized was six litres of methylamphetamine oil with an estimated street value of \$11 million. More than \$440 000 in cash was also seized over the project.

As at 30 June, in excess of \$1 million belonging to a high rated National Criminal Target List target had been restrained, with a further \$730 000 restrained in July (just after the reporting period) as a follow up to this operational activity.

Queensland police described this multi-agency operation as 'the most significant operational closure conducted by officers of the Gold Coast CIB, targeting high level criminal syndicates, seizing large amounts of cash and assets and preventing large quantities of dangerous drugs hitting the streets of the Gold Coast' (Detective Superintendent David Hutchinson, Queensland Police Service statement, 6 April 2014).

Two of the National Criminal Target List targets were also charged under Queensland's Vicious Lawless Association Disestablishment Act and are liable for a further 25 years and 15 years respectively on top of their base sentences, if found guilty.

The operation also provided significant intelligence about the infiltration of nightclubs and legitimate business by outlaw motor cycle gang members and serious and organised crime entities. This intelligence resulted in several closure notices and show cause notices regarding liquor licensing and ownership. Through our coercive capabilities we also developed significant understanding of serious and organised crime financial and business structures.

#### **Project Latchkey**

We applied our specialist capabilities including our coercive powers in this project, which aimed to disrupt and dismantle serious and organised crime entities. During this project we worked with Tasmania Police and the Australian Federal Police.

The principal targets have been charged with trafficking methylamphetamine valued at around \$300 000 to \$500 000 over a six to eight month period. Tasmania Police also seized drugs and firearms, and charged 35 people linked to a high rated group on the National Criminal Target List. In addition, 12 properties and 22 motor vehicles were restrained, together estimated to be worth more than \$2.8 million.

#### **Project Tricord**

Based on intelligence generated by the ACC in 2010, Western Australia Police commenced the multi-agency Project Tricord-Polo which, which also involved the Australian Customs and Border Protection Service, Australian Federal Police, Australian Taxation Office, Department of Immigration and Border Protection, Australian Transaction Reports and Analysis Centre (AUSTRAC), Western Australia Corruption and Crime Commission, and the Australian Securities and Investments Commission.

This project targeted members of an extreme rated group on the National Criminal Target List, who were being investigated for illegal labour hire, money laundering and drug trafficking.

We provided opportunities for non-traditional investigative activities including access to our Fusion capability (see page 88), intelligence and coercive powers.

In December 2013, we assisted partner agencies, leading to the seizure of over one kilogram of heroin and over \$135 000 in cash. This seizure assisted in developing insights into the methodologies used by the syndicate in relation to the supply of illicit drugs.

Further drugs were seized during January 2014, including a total of 280 grams of heroin, 307.9 grams of crystalline methylamphetamine and 334.4 grams of methylamphetamine.

Then in May 2014, five days of intensive Project Tricord activity by eight agencies included searches of 44 properties. As a result:

- 12 people were arrested and charged with money laundering—in July 2014 (just outside the reporting period) five of these individuals were further charged with 104 counts of harbouring under the Migration Act
- 122 people who were unlawfully in Australia were detained under the Migration Act
- 17 firearms were seized
- \$90 000 in cash was seized.

Intelligence outputs from this operation will inform our assessments on the involvement of serious and organised crime in illegal immigration.

# SPOTLIGHT ON... Project Tricord

## Working together to bring criminals to justice

A series of search warrants executed in May 2014 north of Perth were part of Project Tricord's ongoing efforts to identify, target and dismantle organised crime syndicates operating in Western Australia.

The long-term investigation demonstrates the success of collaborative law enforcement efforts to disrupt transnational organised crime groups, as explained by the following key players.

**'Australian Crime Commission National Manager Investigations, Richard Grant, said the weekend's results were a significant success in the fight against serious and organised crime and should be attributed to the collaborative work of the agencies involved.'**

*Multi-agency Project Tricord media release  
5 May 2014*



The ACC's Richard Grant at the Project Tricord media conference.



Authorities carrying out search warrants (photo: Western Australia Police).

**'Project Tricord ... epitomises a successful and innovative investigative model used to dismantle once and for all an established and highly resilient criminal network.'**

*Craig Ward APM, Assistant Commissioner  
(State Crime), Western Australia Police*

**'The success of this operation was complemented through the engagement of foreign law enforcement partners who helped to ensure disruption of the criminal enterprise. This investigation has struck a significant blow to organised crime operating in Western Australia and will be the blue print for future joint activities.'**

*Ramzi Jabbour, Assistant Commissioner  
(Serious and Organised Crime),  
Australia Federal Police*



Firearms seized during the search warrants (photo: Western Australia Police).



### Project Ameer

Working closely with Victoria Police through this project, we built law enforcement understanding of threats and vulnerabilities posed by two outlaw motor cycle gangs. Through our coercive examinations, we enhanced knowledge and understanding of the nature, extent, activities, methodologies and impact of these two gangs including their membership, club structures and organised and serious crime activities. Associated search warrants led to the seizure of traffickable quantities of cocaine, MDMA and anabolic steroids and a firearm. This also informed assessments produced under our Outlaw Motor Cycle Gang special operation (see page 67).

### Victorian Joint Organised Crime Task Force

The Melbourne based Joint Organised Crime Task Force (JOCTF) is led by the Australian Federal Police and includes Victoria Police, Australian Customs and Border Protection Service and the ACC. The task force supports the prioritisation and coordination of multi-agency investigations into serious and organised crime targets and threats. JOCTF results this year included:

- contributing to the seizure of more than 200 kilograms of methylamphetamine destined for Australian streets, with an estimated street value of \$200 million, and charging two people
- seizing 653 kilograms of pseudoephedrine as part of Operation Diamondback, with an estimated street value of \$100 million, following the arrest of 10 people
- seizing 100 kilograms of cannabis with an estimated street value of over \$2.6 million.

### Attero National Task Force

The ACC Board-approved Attero National Task Force has helped strengthen Australia's efforts to combat the national serious and organised crime threat presented by the Rebels outlaw motor cycle gang. It uses a range of tactical, operational and strategic measures to provide a national response. The task force has achieved significant outcomes. For example it has:

- *enhanced* cross-jurisdictional coordination and use of resources and capabilities as well as aligning priorities and promoting collaborative arrangements between traditional and non-traditional partners

- *overcome* capability gaps and impediments to inter-jurisdictional collaboration and sharing of information and intelligence
- *created* mechanisms for ongoing identification and development of measures to target gaps and maintain an effective national response against the threat
- *strengthened* the policy, legislative and operational arrangements that support jurisdictional and national efforts to combat serious and organised crime.

The Attero National Task Force has demonstrated that the profile of the Rebels threat differs across the country. A key feature of the task force is the way each jurisdiction has discretion to respond to the threat in the most effective way for that jurisdiction, based on the enhanced understanding provided. Key achievements during 2013–14 include:

- the arrest or reporting of 2276 Rebels members, nominees or associates
- 2991 charges, including serious assault, stalking, kidnapping, affray, firearms and weapons offences, drug offences and property, street and traffic offences
- the seizure of 39 firearms, as well as 54 other weapons such as knives
- nine ACC examinations and five notices to produce documents
- \$15.5 million in tax liabilities raised
- 100 search warrants including four prison cells
- 201 task force reports and 23 intelligence products.

This task force has also worked closely with the Australian Gangs Intelligence Coordination Centre, established within the ACC in December 2013, as part of the Government's strategy to combat outlaw motor cycle gangs. Another important outcome of the Attero Task Force is lessons learnt about what works and what can work better. These learnings are informing the development of a national outlaw motor cycle gang strategy to be considered by the ACC Board later in 2014.

## Looking forward


Multi-agency responses will remain integral to our approach, including a focus on:

- maintaining the National Criminal Target List as Australia's single national list of highest threat serious and organised criminals
- capitalising on state and territory Joint Management Groups and Joint Analyst Groups (see page 90)
- prioritising the greatest threats and working with partners on strategies to address those threats both regionally and nationally.

Through our Highest Risk Criminal Targets special investigation, we will aim to reduce vulnerabilities

and criminal opportunities identified in other special investigations and special operations by focusing on targets involved in criminal finances, illicit drug markets, firearms and enabling activities, in particular related to communications and transportation. This will ensure we deliver for our partners regionally and nationally.

We will also maintain an international focus, recognising the high proportion of serious and organised crime links to offshore criminal targets. Working with other special investigations and special operations and with our partners, we will enhance understanding of the countries that pose the greatest harm to Australia's national security, in the context of serious and organised crime, to develop cost effective intervention and prevention strategies.



**Multi-agency responses will remain integral to reducing the threat posed by the highest risk criminal targets.**



## HRCT performance scorecard 2013–14

HRCT aim	How we achieved this aim	HRCT contribution to ACC's key performance indicators		
		Discover	Understand	Respond
<p>Identify, detect and disrupt the highest risk serious and organised crime entities which represent the greatest threat in each jurisdiction and nationally.</p> <p>Reduce the threat posed by the highest risk criminal targets.</p> <p>Enhance national understanding of the serious organised crime environment.</p>	Produced strategic assessments and intelligence products, which we shared with partner agencies.	✓	✓	✓
	Identified previously unknown criminal targets and emerging threats.	✓	✓	✓
	Improved understanding of highest risk crime target group structures and activities, illicit commodity importation methodologies, management of wealth and proceeds of crime and communication methodologies.	✓	✓	
	Contributed to investigations, including through our coercive powers, leading to arrests and seizures of cash, drugs and firearms in several states.	✓	✓	✓
		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.

# Highest Risk Criminal Targets—Victoria

## Context

The ACC Board authorised this state-specific special investigation on 4 September 2013. It contributes to Victoria Police investigations and provides access to 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 Victoria.

Our Highest Risk Criminal Targets—Victoria special investigation is approved until 30 June 2016.

## Purpose

We work with Victoria Police to:

- enhance understanding of the nature, extent, activities, methodologies and identities of high risk criminal groups and their impact on the Victorian and national community
- reduce the threat posed by the highest risk crime groups operating in or impacting on Victoria
- increase knowledge and understanding of high risk criminal targets and their impact on Victoria.

## Achievements

### Collecting, analysing and sharing intelligence

During the year, we conducted four coercive examinations to gather intelligence about criminal networks and their involvement in unsolved murders. These examinations of four witnesses provided support to Victoria Police in:

- gathering further intelligence on related activities and methodologies used to facilitate criminal activity
- improving understanding of a syndicate and its associates
- gaining information and intelligence on an unsolved murder.

We produced five tactical intelligence products. Intelligence we shared led to the identification of several leads for investigation by Victoria Police.

# Highest Risk Criminal Targets—South Australia

## Context

The ACC Board authorised this state-specific special investigation on 4 September 2013. It supports the collection of evidence and intelligence about specified criminal activity by entities identified as highest risk criminal targets.

This state-specific special investigation is one way in which we support South Australia Police. It complements the work of our Highest Risk Criminal Targets special investigation (see page 49) and Outlaw Motor Cycle Gangs special operation (see page 67).

Our Highest Risk Criminal Targets—South Australia special investigation is approved until 30 June 2016.

## Purpose

We work with South Australia Police to:

- enhance understanding and increase knowledge about the nature, extent, activities, methods and identities of high risk crime groups and their impact on the South Australian and national community
- reduce the threat posed by the high risk crime groups operating in or impacting on South Australia.

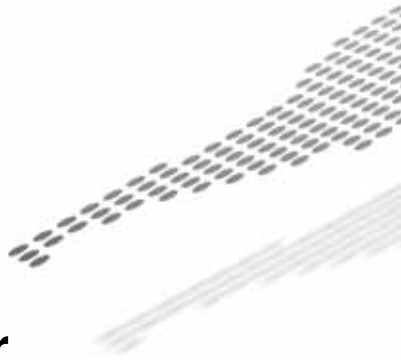
## Achievements

We provide support to our state-based stakeholders under the most appropriate authorised investigation or operation, to enhance the intelligence holdings on, and identify evidence relating to, the nature and extent of the serious and organised crime threats to South Australia.

The Highest Risk Criminal Targets—South Australia 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.

However, our Highest Risk Criminal Targets—South Australia special investigation remains an important tool for supporting our South Australian stakeholders, and continues to be actively considered when assessing the best means by which we can provide state-specific support.

This year we produced two tactical products that related to work undertaken in the previous financial year.



Special operations **gather intelligence** around particular criminal activity so **decisions are informed** by the extent, impact and threat of that activity.



# 4

## Intelligence operations

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Making Australia Hostile to Serious and Organised Crime	page 72
National Indigenous Intelligence Task Force (Indigenous Violence or Child Abuse No. 3)	page 75
Child Sex Offences	page 82

## Aim

Special operations, as approved by the ACC Board, gather intelligence around particular criminal activity so decisions are informed by the extent, impact and threat of that activity. They involve the use of coercive powers (examinations and notices).

Through intelligence gathering and analysis, we discover and understand serious and organised crime threats to build the national picture of serious and organised crime. This work can also help determine if special investigations are warranted (see Chapter 3) and contribute to operational responses.

## Focus

During 2013–14, we gathered intelligence under six special operations:

- High Risk and Emerging Drugs
- Outlaw Motor Cycle Gangs
- National Security Impacts from Serious and Organised Crime
- Making Australia Hostile to Serious and Organised Crime
- National Indigenous Intelligence Task Force (Indigenous Violence or Child Abuse No. 3)
- Child Sex Offences.

## Result

We achieved our aim by gathering intelligence around these focus areas. In doing so, we achieved our key performance indicators 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 intelligence holdings to create a national serious and organised crime intelligence picture
- informing and influencing hardening of the environment against serious and organised crime
- participating or coordinating collaboration in joint operations to prevent and disrupt serious and organised crime.

# Snapshot of our special operations work in 2013–14



**60 intelligence reports**

on outlaw motor cycle gang members



**Responded to 83**

requests for information to the Australian Gangs Intelligence Coordination Centre



**New cyber threats**

discovered



**methylamphetamine**

resurgence identified



**11 disruptions to crime entities**

including disruption of 1 clandestine lab



**Diversion of chemicals**

identified for illicit drug manufacture



**120 coercive examinations**

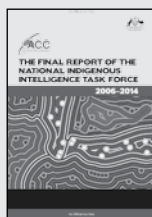
improved national understanding



**529 intelligence products**

**Final report**

of the National Indigenous Intelligence Task Force



**Foreign fighters' threat**

improved national understanding



*of stakeholders surveyed agree we inform and influence the hardening of the serious and organised crime environment*

# High Risk and Emerging Drugs

## Context

The production and supply of illicit drugs is the major activity of organised crime in Australia. The illicit drug trade generates billions in profit for organised crime, more profit than any other criminal activity, and in the process ruins the lives of countless individuals and their families. The estimated social cost to our community is more than \$8 billion a year.<sup>7</sup>

## Purpose

Intelligence is the key to seizing drugs before they make it to our streets and to identifying new drug-related threats to the community. Our High Risk and Emerging Drugs (HRED) No. 2 special operation monitors all Australian illicit drug markets and develops 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 these markets and to inform partners of new and emerging trends. We also proactively develop and inform appropriate operational, legal and policy responses.

Through this special operation, we contribute to demand, supply and harms reduction strategies in line with the National Drug Strategy 2010–15.

This special operation is approved until 30 June 2016.

## Achievements

### Collecting, analysing and sharing intelligence

We conducted 17 coercive examinations to fill intelligence gaps, identify insights and enhance understanding of serious and organised crime threats and targets related to the nature and extent of the threat and harms from high risk and emerging drugs markets in Australia.

We produced 85 intelligence products which we shared with partners through 321 disseminations—adding to the national picture of serious and organised crime.

Topics included:

- the threat posed by a sophisticated transnational drug network, its money laundering methodologies and its modus operandi for importing and distributing drugs (a joint ACC–Australian Federal Police assessment)—this assessment also benefited other law enforcement agencies including the NSW Police Force, and is relevant to ongoing inquiries
- the nature, extent and specific sources of the threat posed by members of a particular criminal group and the systemic vulnerabilities they were exploiting, regarding criminal activity in several illicit drug markets
- the modus operandi, reach, clients and vulnerabilities a network was seeking to exploit, regarding drug analogues and new psychoactive substances
- examples of organised crime infiltration of some sports and how this was done, as well as the case for reform to reduce potential harm posed by some categories of performance and image enhancing drugs.

### Discovering, understanding and responding to market trends

#### Methylamphetamine market

The methylamphetamine market is our highest priority for this special operation. For some time we have assessed that the methylamphetamine market poses the highest risk to the Australian community of all illicit drug and organised crime markets.

This year:

- Through Project Baystone, we contributed to national thinking that this market—in particular the crystal methylamphetamine (ice) component—was showing signs of resurgence, driven by increasing imports of

<sup>7</sup> Organised Crime in Australia 2011.



the drug and its precursors and a more diverse range of suppliers generating or tapping into new sources of demand. Our assessment on the methylamphetamine market will inform a national response. Stakeholders are considering our assessment, which we plan to formally table at a meeting of the national Serious Organised Crime Coordination Committee in 2014–15.

- We held coercive examinations under Project Baystone about the methylamphetamine, cocaine and precursor chemical markets. The examinations progressed strategies designed to disrupt aspects of these markets and information obtained from these examinations has contributed to investigations by the Australian Federal Police, Queensland Police Service and Western Australia Police. Feedback has been positive:
  - Western Australia Police expressed interest in participating in further examinations of this type with the ACC.
  - Australian Federal Police officers have commented that ‘The ACC was professional in conducting the examinations and most useful in collecting relevant intelligence in regards to an organised crime group based in Melbourne and Sydney. From the examinations we were provided a greater insight into the methodologies used by this crime group, as well as an understanding of the structure of the group’.
- We generated multiple information reports, including one about trafficking of ice between Queensland and New South Wales that directly led to an arrest in New South Wales.
- We contributed a formal submission to the Victorian Parliamentary Inquiry into the supply and use of methylamphetamines, particularly ice. Two ACC officers subsequently gave evidence to the Inquiry.
- We compared domestic and overseas prices for methylamphetamine, heroin and cocaine. For example, a kilogram of methylamphetamine that sells for \$6522 (wholesale) in China is worth around \$590 000 on the streets in Australia, a kilogram of heroin costing around \$2174 (wholesale) in Afghanistan sells for between \$350 000 and \$623 000 in Australia, and a

kilogram of cocaine worth \$2500 (wholesale) in Colombia has a street price of between \$350 000 and \$644 000 in Australia. Our comparison underlined why Australian drug markets are increasingly attractive to transnational crime groups. We have used this information in briefings for our Executive, Senate Estimates and the media.

- We collaborated with the National Indigenous Intelligence Task Force (see page 75) on examinations concerning ice distribution in Western Australia, and generated information reports from these examinations.

### Drugs in sport

- Findings from Project Aperio, our examination of links between organised crime and sport, continued to influence responses this year. We completed several assessments that alerted sports oversight bodies and regulatory agencies about examples of organised crime infiltration of their sport, and explained how this was happening. Our advice to agencies, including the Australian Sports Anti-Doping Agency, regulatory bodies and private sector entities, also helped harden the sports sector against organised crime infiltration. A range of public and private sector agencies took further actions to reduce harm and harden the environment against serious and organised crime exploitation. For example, several sports tightened their rules governing the administration of substances to players and various sports either introduced or expanded integrity units.
- We continue to liaise with relevant agencies, including the Therapeutic Goods Administration to determine whether the substances of potential harm identified by Project Aperio have the appropriate regulatory status.
- Understandings gained during Project Aperio also apply to the broader performance and image enhancing drugs market. This market is growing and diversifying due to increasing demand and supply, and organised crime is becoming more actively involved. It is not uncommon for police to seize performance and image enhancing drugs along with more traditional illicit drugs. Injection rates for performance and image enhancing drugs are also increasing.

## Other illicit drug markets

- *Drug analogues and new psychoactive substances*—Through Project Andronicus we contributed to partner agency investigations and projects, determined the nature and extent of the organised crime footprint in these markets, and advocated for appropriate legislative and policy responses. For example, our assessment of the threat posed by a potentially lethal family of drug analogues and new psychoactive substances—N-o-methoxybenzyl analogues of the 2C-X family of phenethylamines (NBOMes)—noted that, at the time, they were not covered by legislation in all jurisdictions. Some state legislation has since been amended to make NBOMes illegal across the country. The Commonwealth Criminal Code Regulations have also been amended to increase the penalties for importing such substances into Australia.
- *Illicit pharmaceuticals*—Our intelligence assessment on the oxycodone market will inform upcoming Inter-Governmental Committee on Drugs discussions on aspects of the illicit pharmaceuticals market. Oxycodone is a semi-synthetic opioid analgesic used primarily in the treatment of moderate to severe pain. It is also used for non-medical purposes in illicit markets as a drug in its own right, as a substitute for heroin, or in combination with other drugs. The North American trend in the migration of users of pharmaceutical opioids to heroin is a matter that we are aware of and monitoring. In addition, in response to a request from the transnational Criminal Intelligence Advisory Group, we produced an intelligence brief under Project Andronicus on the threat posed by the illicit pharmaceuticals market in Australia and the diversion of pharmaceuticals to illicit drug manufacture. Material from our brief has been included in a multi-agency document on the transnational threat that will be submitted to the Criminal Intelligence Advisory Group.<sup>8</sup>
- *Cocaine*—We increased understanding about the diversity of influential groups in the supply side of the cocaine market. Our widely disseminated strategic assessment provided the evidence base for our position on which groups are significant in a transnational and national context. For example, while the assessment noted the importance of Mexican organised crime groups as importers of cocaine to Australia, it also noted that many other crime groups, consisting of various nationalities, are involved in cocaine importations. Operational findings in the assessment highlighted the need for a broadly focused response to the supply side of the cocaine market, underpinned by ongoing engagement with international partners.
- *Cannabis*—We improved our understanding of cannabis cultivation by organised crime, ultimately concluding that the organised crime footprint in the cannabis market is increasing in size and sophistication. Our strategic assessment identified areas of concern and systemic vulnerabilities. By better defining the national organised crime dimension, we are now well placed to engage with partners on aspects of this threat and to target our support to areas where organised crime is most prominent, including grow-houses and cross-jurisdictional trafficking of cannabis.
- *Amphetamine-type stimulants*—We supported a NSW Police Force strike force targeting the manufacture of amphetamine-type stimulants in the state's north. The strike force arrested three people and located a large active clandestine laboratory. Our significant contribution, through surveillance, technical support and other intelligence gathered, was integral to understanding the group's activities. We produced an intelligence assessment on the group's modus operandi and how they manufactured the illicit drug.

## Broader understanding and support

- *Internet-based transactions*—Working with the ACC's human and technical specialist intelligence collectors, we are assessing the threat posed by Internet-based drug and precursor transactions and identifying particular transactions of concern.

<sup>8</sup> The Criminal Intelligence Advisory Group consists of agencies from the United States, the United Kingdom, Canada, New Zealand and Australia. It is a working group within the Strategic Alliance Group, an international collaboration of law enforcement agencies that sets law enforcement priorities and cements international approaches to transnational crime. The Strategic Alliance Group agreed at its May 2014 meeting to change its name to the Five Eyes Law Enforcement Group.

We are integrating this work with other projects under Project Alberta, our national project targeting the diversion of chemicals used to manufacture illicit drugs. Work to date has generated information reports which have translated into operational activity for ourselves and our partners, including the Queensland Police Service, NSW Police Force and South Australia Police.

- **Legislative reform**—We provided advice to several inter-departmental committees including the Inter-Governmental Committee on Drugs and the Australian Government Drug Officials' Group. We also provided regular advice to the Attorney-General's Department. Examples include contributing to discussion papers, draft legislation and legislative impact statements concerning the Commonwealth response to drug analogues and new psychoactive substances. Related legislation due before Parliament will allow authorities to seize a suspicious substance at the border unless an importer can show that it is either not a psychoactive substance or that it falls within an exempted legitimate purpose.
  - **Criminal facilitation**—Through notices to produce, we added significantly to understanding of links between corporate entities in Australia and other countries that were being used to facilitate criminal activity. This facilitation takes the form of importation of precursor chemicals, and local manufacture and national distribution of illegal drugs. Intelligence we obtained informed a referral to the Criminal Assets Confiscation Taskforce (see page 44) and will also be used in intelligence products.
  - **Data collection**—Through Project Protege, we worked with the Queensland Crime and Misconduct Commission (now the Crime and Corruption Commission Queensland) and a private sector entity which analysed waste water samples from selected sites. Based on the results, and a similar analysis in another Australian jurisdiction, we are promoting waste water analysis as an appropriate means of adding to existing data sources, which are largely based on user self-reporting. The additional information would help to develop a more comprehensive picture of illicit drug markets and the impact of law enforcement responses on those markets.
- For example, it may be possible to relate variations in usage rates to major law enforcement successes, specific events in the local area, or seasonal factors. This understanding would guide operational decision-making and resource allocation. Waste water analysis may also be able to provide 'early warnings' about new illicit substances which are being used in tangible quantities.
- **Specialist advice**—We provided specialist advice, through our Specialist Forensic Chemist, to partner agencies and working groups on technical issues related to illicit substances. This included contributing to bilateral discussions with China regarding methylamphetamine precursors.
  - **International trends**—We maintained contacts with the United Nations Office on Drugs and Crime, the International Narcotics Control Board and forensic services from overseas countries concerning international drug trends and responses. This contributes to our international strategy and adds to our holistic approach to drug assessments.
  - **Broader perspective**—This special operation has earned the respect of new partners in the sports and health sectors due to our involvement in markets which are not a traditionally high priority for law enforcement. This permits us to develop understanding from a broader perspective and engage with a more varied range of stakeholders.

### Monitoring key chemicals and diversion to drug manufacture

- Through Project Alberta we are exploring how chemicals are diverted from legitimate trade for use in illicit drug manufacture. This year we provided intelligence to our partners and Ministerial briefings on how lethal drugs can be produced domestically using non-controlled chemicals. This included information about new drug manufacturing processes and new (often non-regulated) chemicals used in the processes. We hope our advice will lead to particular chemicals being regulated in a manner that is consistent with the needs of legitimate industry. Discussions have begun with partner agencies to determine the feasibility of greater controls in relation to some chemicals.

- Project Alberta encapsulates our ‘follow the chemicals’ initiative, which focuses on the vulnerabilities being exploited by organised crime groups. This is leading to spin-off projects targeting specific organised criminal activity in several drug markets and to drug investigations which are currently underway, or have recently concluded, in four different states.
- This year we sent 84 letters to chemical companies seeking industry support to identify potential diversion of chemicals to illicit drug manufacture. The positive response generated several operational leads for us and our partners, with potential to evolve into an ongoing mutually beneficial arrangement.
- Our engagement with industry is likely to further increase next year, to drive a more holistic response to some illicit drug markets. For example, we will work with industry, forensic services, academic institutions and partner agencies to harden the legal and regulatory environment around chemical distribution.

## Looking forward

During 2014–15 we will work towards a holistic and coordinated national response to the methylamphetamine market as we continue to work with partner agencies to consolidate existing responses.

We will also further deepen our understanding of all illicit drug markets to provide context for and help prioritise responses to these markets, particularly those with an increasing risk trajectory and where tangible intelligence gaps exist.

We will continue to leverage our unique ability to discover and understand new and emerging trends, and to inform partners and proactively develop and drive appropriate traditional and non-traditional law enforcement responses.

Our theme of ‘following the chemicals’ will also continue to shape our thinking and responses to the methylamphetamine market during 2014–15, based on the understanding that illicit domestic manufacture is a crucial component of the market.

## HRED performance scorecard 2013–14

HRED aim	How we achieved this aim	HRED contribution to ACC's key performance indicators		
		Discover	Understand	Respond
Monitor and develop an increasingly holistic understanding of all Australian illicit drug markets.	Produced strategic assessments, intelligence products and reports, which we shared with partner agencies.	✓	✓	✓
Resolve intelligence gaps by leveraging our unique mix of powers and capabilities to discover and understand new and emerging trends and to inform partners.	Worked with partners and industry to identify and address vulnerabilities being exploited by organised crime.	✓	✓	✓
Proactively develop appropriate operational, legal and policy responses.	Informed policy and legislative 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.

# Outlaw Motor Cycle Gangs

## Context

Outlaw motor cycle gangs (OMCGs) are highly visible crime entities, with a presence in all Australian states and territories. Intelligence indicates an increase in the number of gang members, associates and chapters over recent years. Several gangs have also established chapters in New Zealand, South East Asia, the Americas and Europe.

There are more than 40 OMCGs in Australia, with more than 5000 patched members. OMCGs are prominent in most aspects of organised crime including illicit drugs, money laundering, firearms, vehicle rebirthing, extortion, property crime and corruption. They pose a significant threat to the Australian community. To reduce that threat, we complement traditional police methods with focused and innovative strategies including appropriate use of ACC coercive powers.

## Purpose

The ACC Board approved our Outlaw Motor Cycle Gangs special operation on 4 September 2013. The aim is to work in partnership with key stakeholders to reduce the threat posed by OMCGs by:

- collecting and analysing information and intelligence on OMCG criminal activities and sharing it with relevant agencies
- identifying entities involved and referring information to other bodies as appropriate
- recommending investigative and other responses
- reducing the impact of OMCG criminal activities through disruption, prevention and strengthening the environment to resist OMCG exploitation—for example, working with law enforcement, government and industry partners to build awareness of threats and vulnerabilities and contribute to appropriate legislative and policy responses.

This special operation is approved until 30 June 2016.

## Australian Gangs Intelligence Coordination Centre

The Australian Gangs Intelligence Coordination Centre (AGICC) is now the focal point for all our new and ongoing work relating to OMCGs, including work under our dedicated OMCG special operation.

Part of the Government's strategy to combat outlaw motor cycle gangs, the AGICC

has been operating at the ACC since December 2013—providing national criminal intelligence on gang activity across state and territory borders as well as overseas links. Through the multi-agency AGICC, we are building and coordinating an intelligence-led response to OMCGs and other known gangs. For details, see page 93.



# AGICC

Australian Gangs Intelligence Coordination Centre

Australian Crime Commission  
Australian Customs and Border Protection Service  
Australian Federal Police  
Australian Taxation Office  
Department of Human Services  
Department of Immigration and Border Protection

## Achievements

### Collecting, analysing and sharing intelligence

During the year, we conducted 20 coercive examinations and produced timely intelligence our partners could act on, and informed disruption and prevention activities. We also conducted related work on OMCGs under the ACC-led Attero National Task Force (see page 53).

We produced 238 intelligence products which we shared with partners through 684 disseminations—adding to the national picture of serious and organised crime activities by OMCGs.

Highly visible OMCG incidents around Australia have represented a significant threat to public safety and prompted legislative change, increased operational responses and nationally coordinated intelligence production. An enhanced strategic understanding is also required into the threat and impact of OMCGs on Australia's national interests.

Our 2014 strategic intelligence production program includes a series of assessments on OMCGs to illuminate key features and trends, the first of which we produced in January 2014. The series is based on intelligence outputs of the Attero National Task Force and the tactical intelligence, information and data matching activities undertaken in the AGICC. The series is focusing on the threats, risks and harms posed by OMCGs. These products will inform high level decision-making and provide a robust foundation for a National Assessment on the Threat and Impact of OMCGs, due at the end of 2014.

We are also working closely with the Australian Taxation Office, Department of Human Services (Centrelink) and the Criminal Assets Confiscation Taskforce (CACT) to develop financial intelligence that will help to protect and recover government revenue. For details about our contribution to the CACT see page 44.

### Contributing to investigations

#### Project Legion

Project Legion is our major OMCG-related project coordinated through the AGICC. It is developing a fused and dedicated picture of the threat of OMCGs in Australia.

Project Legion is providing:

- national intelligence coordination and tactical support to operations and intelligence development
- strategic intelligence that enhances national understanding of OMCGs and the threat they pose
- disruption and prevention strategies
- a strategic program of coercive examinations
- stronger management of OMCG membership information through the development of the enhanced national OMCG list.

Our coercive examinations held under our OMCG special operation supported Project Legion and associated state-based projects. These examinations helped to:

- identify and progress avenues of inquiry
- enhance existing knowledge about
  - OMCG leadership
  - club structures and membership
  - activities
  - conflicts
- identify intelligence gaps and further avenues for examination
- improve overall understanding to better target responses to OMCGs.

#### National Anti-Gangs Squad support

The AGICC provides a dedicated intelligence capability for the National Anti-Gangs Squad, which is led by the Australian Federal Police. Since December 2013, the AGICC has received 83 requests for information from the National Anti-Gangs Squad and other Commonwealth agencies. Through the AGICC, we delivered timely intelligence in support of the coordinated national effort against OMCGs. Intelligence provided by the AGICC enhances understanding of the circumstances that lead to the escalation of gangs into serious and organised crime groups. This in turn informs future initiatives to tackle OMCG and other gang activity. The AGICC has also deployed specialist analysts to support National Anti-Gangs Squad activities. For more details see the feature on the AGICC on page 93.

## Looking forward

Proposed work under this special operation is linked to the Highest Risk Criminal Targets special investigation, given the relatively large number of OMCGs with links to the National Criminal Target List.

It also pays particular attention to proceeds of OMCG criminal activities, working in conjunction with our Targeting Criminal Wealth special investigation.

The priority is to ensure more targeted activity against OMCGs to reduce the threat posed to the community.

The AGICC will continue to serve as the central national intelligence centre responding to escalating threats of OMCGs in Australia.

It will continue to generate new intelligence leads through data mining, collect indicators of gang-related activities, capitalise on intelligence collected from partners to improve the National Criminal Target List, and leverage existing ACC intelligence collection and analysis capabilities to acquire new intelligence streams.

## OMCG performance scorecard 2013–14

OMCG aim	How we achieved this aim	OMCG contribution to ACC's key performance indicators		
		Discover	Understand	Respond
Contributed to law enforcement agencies' target development and investigations into OMCGs.	Conducted coercive examinations, shared intelligence and responded to requests for information.	✓	✓	✓
Reduce the threat posed by OMCGs.	Produced a national assessment and range of other intelligence and information products about OMCGs, which we shared with partner agencies.	✓	✓	✓
Work with law enforcement, government and industry partners to build an awareness of threats and vulnerabilities and contribute to appropriate legislative and policy responses.				
		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 Security Impacts from Serious and Organised Crime

## Context

Serious and organised crime is a threat to national security. We work closely with our law enforcement and national security agency partners, where their investigations relate to national security impacts from serious and organised crime. We leverage our intelligence collection and analytical capabilities and work with our partners on coercive examinations.

## Purpose

Through our National Security Impacts from Serious and Organised Crime (NSISOC) No. 2 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
- examine and identify potential or actual convergences between serious and organised crime and NSISOC matters.

This special operation is approved until 30 June 2016.

## Achievements

The nature of the intelligence we developed under this special operation is mostly classified and cannot be reported publicly. However, we can report the following highlights.

### Collecting, analysing and sharing intelligence

We conducted 29 coercive examinations over 43 sittings to fill intelligence gaps, identify insights and enhance understanding of national security impacts from serious and organised crime.

We collected and analysed intelligence to produce 58 intelligence products which we shared with partners through 123 disseminations—adding to the national picture of serious and organised crime.

### Exploitation of the maritime sector

We supported 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) through:

- dedicated intelligence analysts to Polaris, Jericho and Trident (until November 2013)
- contributions to tactical intelligence and strategic assessments and strategic intelligence reporting
- specialist human and technical capability support as needed, for example surveillance
- participation in Joint Management Groups (key decision-making forums to coordinate law enforcement efforts in each jurisdiction)
- access to Fusion tools and holdings.

This year, Polaris recorded the largest ever seizure of paramethoxymethamphetamine (PMMA) in Australia, with an estimated street value of \$18 million. PMMA is an unusual but potentially lethal drug.

### Counter terrorism

Through Project Lightfoot, we conducted coercive examinations in relation to the foreign fighters' threat and worked jointly with Queensland-based Joint Counter Terrorism Taskforce investigations. Under Project Advection, we also conducted coercive examinations related to the foreign fighters' threat, undertook specialist capability collection, and contributed to Joint Counter Terrorism Taskforce investigations nationally. We continue to participate in investigations across New South Wales, Victoria and the Australian Capital Territory. Through our work we have provided new insights and enhanced understanding about the foreign fighters' threat to Australia and the nexus between organised crime and terrorism.



## People smuggling

We have contributed to the whole-of-government Operation Sovereign Borders effort since November 2013 by providing intelligence and specialist capability support to investigate people smuggling activities in Australia including identifying financial networks. This is through Project Birsham, established to provide advanced analytical support to Operation Sovereign Borders agencies, via a secondment to the Joint Agency Task Force.

Our previous involvement in combatting people smuggling has primarily been by contributing to investigations led by the Australian Federal Police.

We have also encountered people smuggling activities in other investigation areas, particularly those related to financial crimes.

## Looking forward

We will continue to contribute to national efforts to counter the threats posed by foreign fighters and participate in Australia's response to counter terrorism.

Border protection will also continue to be a priority for this special operation.

## NSISOC performance scorecard 2013–14

NSISOC aim	How we achieved this aim	NSISOC 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.  Examine and identify potential or actual convergences between serious and organised crime and NSISOC matters.	Supported multi-agency task forces.		✓	✓
	Contributed to Joint Counter Terrorism Taskforce investigations in three jurisdictions.	✓	✓	
	Contributed to Operation Sovereign Borders.		✓	✓
		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.

# Making Australia Hostile to Serious and Organised Crime

## Context

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.

## Purpose

Through our Making Australia Hostile to Serious and Organised Crime (MAHSOC) No. 2 special operation we 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.

This special operation is approved until 30 June 2016.

## Achievements

Much of our work under special operation is classified and cannot be reported publicly. However, we can report the following highlights.

### Collecting, analysing and sharing intelligence

We conducted 15 coercive examinations to fill intelligence gaps, identify insights and enhance understanding of serious and organised crime threats and targets related to identity crime and card skimming.

We analysed and interpreted intelligence to produce 55 intelligence products which we shared with partners through 349 disseminations—adding to the national picture of serious and organised crime.

Topics included identity crime, cyber and new technology threats, and a strategic assessment to assist Australia Post to mitigate the evolving risks posed by serious and organised crime.

### Previously unknown cyber and new technology threats

Through Project Tallowood we have discovered previously unknown cyber and new technology threats posed by serious and organised crime. Intelligence indicates a large global risk, and that Australia is vulnerable and highly exploited.

We collaborated to develop a new approach to discover these threats. This involved using significant field intelligence from our law enforcement partners to focus on a non-traditional area for discovery: particular types of communication profiles, such as encrypted mobile communication devices. Through Fusion, we were able to better harness relevant sources and overlay them with strong indicators of risk.

We were able to highlight correlations between these communications and serious and organised criminals of a high threat to Australia. There is a significant transnational element to this threat.

We needed to be innovative in our approach because the modern communication landscape is outpacing regulation and legislative frameworks.

Through this project we:

- discovered a significant number of high threat criminal targets
- developed a new targeting methodology to discover previously unknown targets
- developed a strong understanding of underlying technologies within this threat environment
- shared intelligence with partners who were unaware of the issue
- coordinated collaboration among all Australian law enforcement agencies and the intelligence community to increase awareness

- developed operational strategies to better discover and understand this threat and worked closely with the Australian Federal Police and other partners domestically to assist aspects of operational responses.

We have distributed reports widely including to key international partners. In addition, we are contributing to a major collaborative approach and significant activity in the countries in which the issue was discovered, where the new threat is being treated as a priority project. We will continue to work with our international partners to maximise the use of intelligence gathered here and overseas.

An ACC staff member is also working in the multi-agency Cyber Security Operations Centre hosted at the Australian Signals Directorate, contributing to the assessment of the scope and scale of the risk posed to Australia by sophisticated cyber threats, the discovery of new cybercrime threats, and the understanding of this rapidly evolving environment.

We are also developing a strategic assessment on the broader issue of secure communications to inform all stakeholders, and have established partnerships to better enable responses on this issue.

Key findings from this project are also driving regulatory and legislative reforms and capability enhancements. For example, this project informed our Cyber Capability Strategy which will enhance ACC capabilities to combat cybercrime (see page 96). It also contributed to our submissions to reform telecommunications interception and access legislation, to enhance the ability to discover, understand and respond to serious and organised crime (see page 33).

### Identity crime

Through Project Cumulus we continued our collaboration with the Australian Federal Police and state law enforcement to build further understanding of:

- contemporary identity crime syndicates methodologies
- syndicate structures
- vulnerabilities they are exploiting.

We achieved this by conducting coercive examinations into identity crime and card skimming and by sharing intelligence with partner agencies.

### Australia Post collaboration

We continued to collaborate with Australia Post through Project Alysse. We produced a classified strategic assessment to support Australia Post to continue to develop strategies to mitigate the evolving risks posed by serious and organised crime. Our strategic assessment also informed partner agencies.

### Migration program

Through Project Chives we collaborated with the Australian Customs and Border Protection Service and the Department of Immigration and Border Protection to identify new insights about the exploitation of a regional sponsored visa migration program.

In May 2014, we briefed the Heads of Commonwealth Operational Law Enforcement Agencies (HOCOLEA) on the key findings and lessons learnt from multi-agency Project Waterspout. This project was established to identify and assess organised criminal and other risks associated with student visa applicants wishing to study in Australia. Our briefing highlighted the value and efficiencies to be gained from multi-agency bulk data matching in search of previously unknown criminal targets and threats. It also provided HOCOLEA agencies with the opportunity to consider opportunities for further collaboration with the ACC, particularly the Fusion capability, and our partners.

### Looking forward

Cybercrime is a priority for this special operation. Over the next 12 months we will continue to work to discover, understand and inform responses to cybercrime including virtual currencies, online fraud and malicious software. This work will inform an updated National Cybercrime Intelligence Assessment.

## MAHSOC performance scorecard 2013–14

MAHSOC aim	How we achieved this aim	MAHSOC 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.	Discovered previously unknown cyber and new technology threats and related high threat criminal targets.	✓	✓	
	Informed response strategies to previously unknown cyber and new technology threats and related high threat criminal targets.	✓	✓	✓
	Conducted coercive examinations to improve understanding of contemporary identity crime syndicates.		✓	
	Provided strategic assessment to Australia Post and partner agencies and supported mitigation of evolving risks.		✓	✓
	Identified migration risks.	✓	✓	
		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 Indigenous Intelligence Task Force (Indigenous Violence or Child Abuse No. 3)

## Context

The National Indigenous Intelligence Task Force (NIITF) worked collaboratively with law enforcement agencies, other Commonwealth, state and territory government agencies, and local service providers. It was established in 2006 following the Intergovernmental Summit on Violence and Child Abuse in Indigenous Communities.

The Indigenous Violence or Child Abuse No. 3 special intelligence operation supported and enhanced the task force's work. It did this through the use of ACC coercive powers to overcome barriers to accessing information about the nature and extent of violence and child abuse in Indigenous communities.

## Purpose

Through the NIITF, we collected and analysed information and criminal intelligence to provide government with an understanding of the nature and extent of violence and child abuse affecting vulnerable Indigenous communities. We contributed to investigations, informed policy, program and law reform, and improved national intelligence collection and information sharing about these issues.

This special intelligence operation ceased on 30 June 2014.

## Achievements

### Collecting, analysing and sharing intelligence

During the year, the NIITF collected intelligence through visiting 10 Indigenous communities and six regional towns, and holding more than 150 meetings.

We also conducted 38 coercive examinations to enhance understanding of the nature and extent of violence and child abuse affecting vulnerable Indigenous communities and contributed to investigations.

We produced 91 intelligence products which we shared with partners through 374 disseminations—adding to the national picture of these issues. This included classified intelligence reports on the nature and extent of child abuse and violence in the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands, South Australia; Arnhem Land, Northern Territory; the Barkly region, Northern Territory; the Kimberley region, Western Australia; and western New South Wales.

To mark the closure of this special intelligence operation this year, we produced a final report. It summarises the NIITF's journey since inception, outlining key achievements, intelligence findings and issues for consideration (see feature on page 79).

### Improving national understanding and information sharing

#### Identifying factors that enable criminal behaviour

Since 2006, the NIITF has identified factors that enable and facilitate criminal behaviour in Indigenous communities. These include:

- non-disclosure and under-reporting of offences
- challenges to information sharing
- abuse of power
- financial crime and exploitation
- alcohol and substance abuse
- links to organised crime.

### Establishing a Cross Border Domestic Violence Information Sharing and Intelligence Desk

The NIITF assisted in the development of the Cross Border Domestic Violence Information Sharing and Intelligence Desk, which was established in January 2013. The aim is to reduce instances of family violence in the cross border region of the Northern Territory, South Australia and Western Australia by providing timely and targeted intervention and protection to victims.

The Desk is staffed by two civilian members of the Northern Territory Police with Commonwealth funding. It has been supported by a working group comprising the ACC, Northern Territory Police, South Australia Police, Western Australia Police and the Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council. The Desk also has a reference group of the same stakeholders with the addition of the Department of the Prime Minister and Cabinet.

This dedicated resource enables the collation, coordination and analysis of intelligence holdings between law enforcement, criminal justice and a dedicated victim advocacy agency, working across the three jurisdictions. It also provides a central coordinating role linking it to the Cross-border Justice Scheme. This mechanism for the effective use of criminal intelligence supports responses to issues of domestic violence and community safety.

### Raising awareness

In October 2013 the NIITF presented to the Australian Government's Business Integrity Cross Agency Working Group regarding financial crime and associated exploitation affecting Indigenous communities. The working group aims to identify and discuss high risk organisations at an early stage, share relevant organisation intelligence and collaborate with best practice information and tools. The Department of the Prime Minister and Cabinet's Northern Territory-based Business Integrity Unit facilitated a cross-agency meeting and said our presentation 'generated a great deal of discussion and will influence the way many of us consider non-compliance and governance-related issues in the future'.

Also in October 2013, the National Manager responsible for NIITF participated in media interviews on ABC Radio Kimberley and the National Indigenous TV Network. The interviews answered questions about what the NIITF did, how it worked with stakeholders and the types of issues examined.

In November 2013 the NIITF gave a presentation titled 'Financial vulnerabilities and exploitation affecting Indigenous communities' to the Australian Public Sector Anti-Corruption Conference in Sydney.

### Contributing to investigations

- In June 2013, Commonwealth and South Australian authorities began a major operation in a community that had been the subject of considerable NIITF work to inform government of the problems there. In 2014 legal action was taken against a person of interest identified by the NIITF.
- In October and November 2013 the NIITF briefed the NSW Police Force and participated in a workshop with NSW Police Force members of the Department of Family and Community Services' Joint Investigation Response Teams regarding our work in western New South Wales. The findings of the NIITF's two-year program in this region also contributed to or initiated 11 child protection investigations or referrals by stakeholders.
- In November 2013 the Department of the Prime Minister and Cabinet reported that search warrants had been executed on private residences of board members of an Aboriginal corporation in South Australia. They were found to be in the unlawful possession of property belonging to the corporation and were conditionally bailed to appear in court in March 2014. One person pleaded guilty to section 134 of the Criminal Law Consolidation Act (SA). They were sentenced to an 18 month good behaviour bond and ordered to pay court costs. Inquiries are ongoing regarding other people linked to the organisation. The department noted that the outcomes achieved would not have been possible without the NIITF's support.

- In March 2014 the NIITF assisted Western Australia Police to better understand the criminal supply of amphetamine-type stimulants into the Kimberley. This included identifying major suppliers, the frequency and size of supply, methodologies used and people of interest previously unknown to police.
- In April 2014 we investigated and seized 22 kilograms of kava that was destined for sale in Arnhem Land, Northern Territory. The kava had an estimated street value of \$22 000. Kava is a prohibited substance in the Northern Territory, managed under the Kava Management Act (NT). The amount seized is considered a trafficable quantity with a maximum penalty of 100 penalty units or imprisonment for two years.
- NIITF information reports provided to the Department of the Prime Minister and Cabinet supported compliance activities and investigation of matters concerning the use of grant funding by Indigenous organisations.
- In April 2014 the NIITF provided a submission to the House of Representatives Standing Committee on Indigenous Affairs Inquiry into the Harmful Use of Alcohol in Aboriginal and Torres Strait Islander Communities. In our submission we outlined key findings on the significant association between alcohol and child abuse and violence in Indigenous communities. For example, some people travel from remote communities to regional centres or alcohol outlets to consume alcohol, and sometimes also to traffic alcohol back to communities. This behaviour transfers alcohol-related crime to those communities and contributes to serious child neglect, harms and other disadvantages.
- Acting Director General of the Western Australia Department for Child Protection and Family Support, Kay Benham, said our analytical intelligence products ‘identified several areas of social policy relevant to the Department [and] will help steer future strategic policy directions’.

### Informing policy, program and law reform

- In October 2013 the NIITF participated in the National Consultation Workshop in Alice Springs for Proposed Perpetrator Intervention Outcome Standards for Australia. This was part of the implementation of the National Plan to Reduce Violence against Women and their Children.
- In November 2013 the NIITF briefed Western Australia Police about our work in the Kimberley region. In April 2014, Western Australia Police advised us that the Kimberley District Office and Broome Detectives Office agreed with the findings in NIITF reports on the Kimberley and that the information raised their level of concern. They also advised that our intelligence products helped support the formation of Operation Trindade in the Dampier Peninsula. The operation is building community capacity and resilience to combat child abuse recently uncovered during another operation.

### Looking forward

The NIITF ceased on 30 June 2014. Our final report will be provided to key stakeholders accompanied by presentations as appropriate.

## NIITF performance scorecard 2013–14

NIITF aim	How we achieved this aim	NIITF contribution to ACC's key performance indicators		
		Discover	Understand	Respond
Collect and analyse information and criminal intelligence to provide government with an understanding of the nature and extent of violence and child abuse affecting vulnerable Indigenous communities.  Contribute to investigations, inform policy, program and law reform, and improve national intelligence collection and information sharing about these issues.	Collected intelligence through community engagement and coercive examinations.	✓	✓	
	Produced intelligence products, shared with partners and other stakeholders.	✓	✓	✓
	Supported the Cross Border Domestic Violence Information Sharing and Intelligence Desk.	✓	✓	✓
	Contributed to investigations.	✓	✓	✓
	Contributed to policy, program and law reform considerations and inquiries.	✓	✓	
		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.



**Maintaining relationships of trust with Indigenous communities and people delivering services to Indigenous communities was fundamental to the NIITF's success.**



# CASE STUDY

## NIITF: unique task force delivers unique results

The National Indigenous Intelligence Task Force (NIITF) concluded on 30 June 2014. While the ACC is involved in many successful task forces, the NIITF was different in both purpose and approach.

The NIITF was established in July 2006 as an outcome of the Australian Government's Intergovernmental Summit on Violence and Child Abuse in Indigenous Communities.

### Approach

As the issues are unique, the NIITF's approach also had to be unique: a combination of working in a culturally sensitive way, using our special capabilities (including coercive powers) to access information otherwise not available, and engaging across jurisdictions and with a wide range of stakeholders for broad-based responses that involve law enforcement, governments, service providers and Indigenous communities.

### Establishing trust

Our approach was informed by and respectful of Indigenous people and cultures. Maintaining relationships of trust with Indigenous communities, and people delivering services to Indigenous communities, was fundamental to the NIITF's success. Staff received cross-cultural training and were sensitive to the cultural dynamics of the 145 communities and 58 towns we visited nationally.

In addition, the NIITF did not make arrests or prosecutions. This enabled us to build confidence and trust and encouraged people to discuss issues that affected their communities.

### Accessing information

Inter-generational tacit acceptance and denial, fear of blame, threats of social and violent retribution, and lack of privacy and confidentiality in small communities can discourage reporting. Through the NIITF, we could protect people who were otherwise fearful of coming forward, by offering the security and anonymity provided to ACC witnesses.

### Building a national picture

During the past eight years the NIITF has built a national understanding of the nature and extent of violence and child abuse in some Indigenous communities.

Violence is a significant issue for some Indigenous communities, which also impacts on the safety and security of children within these communities. Poor information sharing, non-disclosure, under-reporting and abuse of power enable criminal behaviour in these communities. These factors impede the capacity to understand and respond effectively to the nature and scale of domestic violence and child abuse—inhibiting service delivery and effectively normalising criminal behaviour within communities.

Community violence occurs as a result of family feuds, retribution/payback, conflicts over allocation of resources, inappropriate relationships, jealousy or accusations of wrong doing. The use of alcohol and illicit substances are also major contributors.

In addition, with billions in government expenditure each year, there is a risk of organised crime targeting Indigenous communities for profit, at the cost of service delivery. Direct theft of funding and assets is the most common type of financial crime and associated exploitation, enabled by poor governance, inadequate financial management and lack of probity checking.

...continued over

## CASE STUDY (CONTINUED)

# NIITF: unique task force delivers unique results

Emerging issues creating opportunities for criminal groups include:

- the increasing use of information technology to facilitate crimes
- changing demographics
- frequent movements between remote communities and regional and urban centres
- criminal activity related to land use agreements
- the targeting of Indigenous communities by organised crime groups for financial gain.

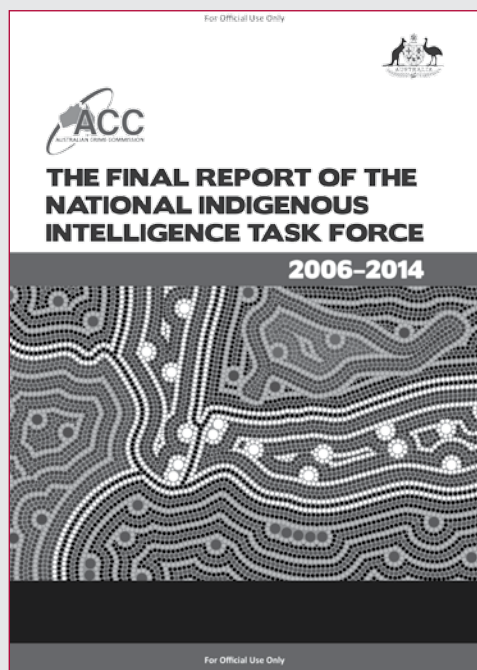
### Supporting broad-based responses

Over its lifetime, the NIITF produced 844 intelligence products, provided to partners through 2182 disseminations.

Better understanding based on this intelligence is helping to make Indigenous communities safer by informing policy and program design, improving service delivery, and informing law enforcement decision-making, leading to significant operational outcomes.

For example, the NIITF's work has:

- prompted a range of government compliance and regulatory investigations and law enforcement investigations
- supported better compliance around funding programs and informed compliance and assurance work within Commonwealth funding bodies
- contributed to the National Framework for Protecting Australia's Children 2009–2020, the National Plan to Reduce Violence against Women and their Children 2010–2022, and a range of community safety and education initiatives
- informed policy development, such as the Alice Springs Transformation Plan and the Cross Border Domestic Violence Information Sharing and Intelligence Desk
- strengthened probity and due diligence processes for employment, and informed funding guidelines and agreements to support mandatory reporting and appropriate checks for people working with children
- contributed to the New South Wales Ombudsman report on responding to child sexual assault in Aboriginal communities.



The NIITF's final consolidated report.

The NIITF's final consolidated report is due for release to relevant stakeholders in early 2014–15.



NIITF team members and community contacts at work in the field.

# Child Sex Offences

## Context

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

## Purpose

This special operation relies solely on referrals from partner agencies. Since its inception, we have received referrals on issues relating to child sex offenders involved in online exploitation, sharing child pornography and child exploitation material, grooming children and child sex tourism.

We use our coercive powers to:

- assist in intelligence collection 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.

In September 2013 the ACC Board approved the Child Sex Offences (CSO) No. 2 special operation until 30 June 2016.

## Achievements

### Collecting, analysing and sharing intelligence

We conducted one coercive examination to help collect intelligence about child sex tourism.

We produced two intelligence products about child sex tourism and alleged child sexual abuse that we shared with our partners through four disseminations.

### Assisting in reducing the impact of child sex offences

Our work under this special operation supported Victoria Police and Australian Federal Police investigations in relation to identifying, assessing, disrupting and prosecuting high risk Victorian Registered Sex Offenders who commit child sex offences.

Information obtained during the coercive examination was considered to be valuable by Victoria Police and the Australian Federal Police. It has contributed to police investigations and corroborated intelligence on emerging trends.

Intelligence developed under this special operation also assisted with the prosecution of a child sex offender in the United States.

### Supporting a national response

We also continued to engage with the Australia New Zealand Policing Advisory Agency (ANZPAA) Child Protection Working Group, to assist with policy responses and advice to support an effective national response to the threat from child sex offenders.

In addition, this year we researched and consolidated intelligence from various sources to highlight the threat and harms of child sex offences in a serious and organised crime context, for a chapter in the *Organised Crime Threat Assessment* (see page 28).

## Looking forward

We will continue to assist partner agencies where referrals are received. This is likely to include developing intelligence on the increasing use of technology to facilitate child sex offences. We also anticipate assisting with emerging trends, such as the exploitation of young people who are deceived into providing sexually compromising images and then coerced into providing more material under the threat of exposure.

Where our intelligence collection is relevant to child sex offences occurring in other countries, we will continue to inform international partners, through the Australian Federal Police network, to help reduce and disrupt these activities, including overseas production of exploitation material.

## CSO performance scorecard 2013–14

CSO aim	How we achieved this aim	CSO contribution to ACC's key performance indicators		
		Discover	Understand	Respond
Use our coercive powers to assist in intelligence collection about, and reducing the impact of, child sex offences.  Support a national response to the threat and harms of child sex offenders.	Conducted coercive examination to contribute to partner agency investigations.	✓	✓	
	Shared intelligence products.	✓	✓	
	Provided advice to inform policy and national responses.	✓	✓	✓
	Provided intelligence that assisted with a United States prosecution.	✓	✓	✓
		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.



We are evolving our existing  
**capabilities—people,**  
methodologies and technology—to  
effectively respond to current and  
emerging threats.



# 5

## Capability and development

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National databases and tools	page 94
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## Aim

Our *Strategic Plan 2013–18* has a strong focus on building capability. It articulates our vision and approach, the changing environment in which we work, and how we will build capability and work with our partners to achieve our vision.

We aim to evolve our existing capabilities—people, methodologies and technology—to effectively respond to current and emerging threats. We also aim to strengthen partnerships and create opportunities to collaborate and share our partners' capabilities.

## Result

This year we continued to provide our unique capabilities and collaborate with our partners to complement and maximise national responses to serious and organised crime. We also continued to bring different partners together whose varied expertise and capabilities can be combined to combat the common threat.

This included through Fusion, our role as a national focal point for initiatives and forums that bring together Commonwealth, state and territory partners to address nationally significant crime, and through our national databases and tools. During the year we also developed three detailed strategies to enhance our financial, cyber and international capabilities.



**We will harness new opportunities and strengthen our partnerships to ensure we meet anticipated future challenges.**



# Snapshot of our capability development in 2013–14



**320,536 million searches**

of the Australian Criminal  
Intelligence Database



**National Criminal Target List**

maintained and made available  
to stakeholders



**Fusion embedded**

and now a way of doing business across  
much of the ACC and more broadly

**Cyber, Financial, International**



Capability Strategies developed

**ACIM**

**Australian Criminal  
Intelligence Model**

progressed



**International engagement**

strengthened



**Australian Gangs  
Intelligence Coordination Centre**

established and delivering results



**Fusion has evolved from a standalone capability to a way of doing business across much of the ACC and more broadly.**

## Fusion

We reached an important milestone this year, completing the original four-year implementation of the ACC-led National Criminal Intelligence Fusion Capability.

Fusion was established in 2010 as a key element of the 2008 Commonwealth Organised Crime Strategic Framework. It brings together specialist people, tools and data from more than 20 Commonwealth, state and territory agencies to develop insightful intelligence about serious and organised crime in Australia.

Over the past four years, Fusion has evolved from a standalone capability to a way of doing business across much of the ACC and more broadly.

### Discovering new insights

Fusion effectively joins our intelligence and investigative work, and our information technology and analytics capabilities. Using Fusion's advanced analytical tools and our legislative powers, we 'fuse', mine and analyse data from multiple sources to:

- discover previously unknown intelligence about organised criminal activity and targets
- monitor Australia's highest risk criminal targets to identify new intelligence and investigative opportunities.

### Advanced analytics: faster and smarter

We have developed advanced analytics tools, innovative data mining and risk modelling techniques for Fusion. These tools enable us to analyse large data sets in a matter of hours, as opposed to manual analysis that can take up to six weeks. We estimate an efficiency gain of up to 97 per cent.

Our analytical platform is a central component of the Fusion toolkit. This enables Fusion staff to efficiently process information from multiple sources to address complex intelligence questions. This platform ensures data provenance is maintained and effective access and audit controls are applied. More than 1200 data sets collected from a range of government and industry sources are accessible via this platform, in accordance with the ACC Act. We use additional tools, including some open source technology, to perform complex analytics including risk modelling across the data. These tools are integrated into our agency's analytical business processes.

As part of the finalisation of Fusion's integration into business-as-usual, our analytical platform also enables staff across the ACC to access the same data that Fusion staff work with using their specialist expertise.

### Results

Fusion specialises in developing intelligence on new and emerging criminal threats, ranging from communications technologies to money laundering techniques.

This year Fusion produced 981 intelligence products and discovered 109 criminal targets previously unknown to national law enforcement.

Since it started in 2010, Fusion has developed 4460 intelligence products and identified more than 200 organised criminal targets previously unknown to national law enforcement. These targets have a broad geographical footprint, operating in both Australia and overseas. They are primarily involved in illicit drugs and fraud, and rely on money laundering to legitimise their illicit profits. Developing a common understanding of the 'who' of serious and organised crime assists with developing insights into the methodologies and vulnerabilities of serious and organised criminal groups, as well as developing appropriate, targeted responses.

However, Fusion's impact goes beyond these specific outcomes, as it is integral to results achieved across many areas of our work and increasingly in demand by our partners. To more accurately reflect this broad contribution, we will integrate reporting of Fusion-related results within our other outcomes in future reports.

## Fusion firearms capability

Our firearm tracing service, established in 2004, is now fully embedded in Fusion. The firearms trace data set includes some 1.8 million firearm transaction and importation records, dating back to the late 1800s. These unique records complement jurisdictional firearm registration data about legally owned firearms, and are not accessible to law enforcement through any other means.

During 2013–14 we received 571 firearm trace requests and we assisted our partner agencies by providing 246 responses with information. Our firearms tracing partners include Commonwealth, state and territory agencies, as well as international agencies. Firearms tracing is now conducted via a recently developed secure online portal. This capability improves understanding of the illicit nature of the Australian firearms market and supports ACC and partner agency investigations. This is helping to build an evidence-based national picture of the criminal use and source of firearms within Australia, including by outlaw motor cycle gangs.

## Fusion's future

This year marked a turning point for Fusion: the end of the original four-year development program and dedicated funding and the beginning of a more integrated capability into the future.

Within the ACC, we will maintain specific Fusion teams while continuing to extend and enhance the connectedness more broadly across our work. Examples of how the Fusion capability is being integrated into different functions include the multi-agency Australian Gangs Intelligence Coordination Centre (page 93), regionally based Joint Analyst Groups (page 90) and has influenced changes to the way we manage technology and information generally across the agency.

Working with our partners, we are also improving connections with other fusion-style capabilities in Australian law enforcement. For example, one of our Fusion analysts is now part of the National Border Targeting Centre (NBTC) within the Australian Customs and Border Protection Service. This is providing opportunities to access even broader data and capabilities from a range of agencies that are also partners of the NBTC. The next step is for us to improve our connectivity with the National Police Reference System hosted by CrimTrac, the National Forensic Rapid Laboratory, an Australian Federal Police initiative, and the Australian Federal Police-hosted Fraud and Anti-Corruption Centre.

Internationally, we are expanding our reach and increasing Fusion's global connectedness to help fill intelligence gaps identified in our *Organised Crime Threat Assessment* and *National Criminal Target Report* (page 28 and 29). This includes collaborating on international intelligence and investigative functions and firearms tracing activities. For example, this year we established cooperative sharing arrangements with INTERPOL, Europol and members of the Strategic Alliance Group.<sup>9</sup>

<sup>9</sup> The Strategic Alliance Group agreed at its May 2014 meeting to change its name to the Five Eyes Law Enforcement Group.

## National focal point

We have a national focus, bringing together Commonwealth, state and territory partners to address nationally significant crime. This includes through forums and initiatives such as the:

- Australian Gangs Intelligence Coordination Centre
- Joint Analyst Groups
- National Criminal Target List
- Australian Criminal Intelligence Forum
- Australian Criminal Intelligence Model
- National Criminal Intelligence Priorities
- National Intelligence Coordination Committee.

### Australian Gangs Intelligence Coordination Centre

Criminal gangs, in particular outlaw motor cycle gangs, are often the most public face of organised crime. In recent years, we have seen considerable expansion both within Australia and overseas.

A key Government initiative to combat this growing threat is the multi-agency Australian Gangs Intelligence Coordination Centre (AGICC), which has been operating at the ACC since December 2013. Housed in a custom-built operations room within ACC headquarters, the AGICC brings together specialist staff from the ACC, Australian Federal Police, Australian Taxation Office, Australian Customs and Border Protection Service, Department of Immigration and Border Protection and Centrelink.

Through the AGICC we are building and coordinating an intelligence-led response to outlaw motor cycle gangs and other known gangs. For more details see the feature on page 93.

### Joint Analyst Groups

Joint Analyst Groups (JAGs) are multi-agency intelligence functions in each state that bring together analysts from the ACC, jurisdictional police and other Commonwealth and state-based partner agencies.

JAGs provide a shared understanding of the serious and organised crime threats at the jurisdictional level through: producing intelligence on emerging threats; identifying and developing serious and organised crime targets; and ensuring that Regional Criminal Target Lists are current and accurate. This support is generally provided to local Joint Management Groups, forums of senior managers who lead and coordinate local efforts to address serious and organised crime.

JAGs were initially developed to support implementation of the Australian and New Zealand Policing Advisory Agency (ANZPAA) protocols on information exchange. JAGs are the central point that ensures collaboration between agencies and between jurisdictions. JAGs work closely with other ACC functions, including Fusion and the AGICC, and have the ability to use the ACC's special powers where their work relates to an ACC special operation or special investigation. They support the National Collection Plan, prepare jurisdictional analyses to support our *Picture of Criminality in Australia* products, strategic intelligence products and other agency deliverables. They can also access the information and expertise of participating agencies. We contribute to the JAGs through Project Macrobust, which has a particular focus on developing the Regional Criminal Target Lists for use as a 'real-time' targeting support. The Victorian JAG recently coordinated updates of the extreme rated targets to support Joint Management Group use of the Regional Criminal Target Lists as a 'live' targeting support.

Over the next one to two years, JAGs are likely to provide the Joint Management Groups with more timely targeting support based on increased use of the Regional Criminal Target Lists and enhanced regional assessment of priority emerging criminal behaviours and threats. It is also likely that the depth and diversity of investment from partner agencies will increase.

## 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 those based offshore but active in Australia's criminal markets.

Australian and New Zealand law enforcement agencies and relevant regulatory bodies contribute to the list using a consistent 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.

Analysis of the list has assisted law enforcement and regulatory agencies, and senior decision-making bodies, such as the Serious and Organised Crime Coordination Committee and regional Joint Management Groups, to make informed decisions directing resources toward targets posing the highest levels of threat and risk. We make the National Criminal Target List available to partners through the National Target System (see page 95).

## Australian Criminal Intelligence Forum

We chair and provide secretariat support for the Australian Criminal Intelligence Forum (ACIF). The ACIF includes members from the three operating domains of policing and community safety, serious and organised crime, and national security. The ACIF provides Australian heads of intelligence with a national forum to collaborate on high-level strategic intelligence issues and to strengthen their ability to provide coordinated national advice to the ACC Board and other stakeholders.

The ACIF is overseeing implementation of the Australian Criminal Intelligence Model (see below) and also identifies ways to promote common standards, processes and protocols for managing the national intelligence assets. The ACIF reports to the ACC Board twice a year, in March and September.

## Australian Criminal Intelligence Model

Last year we finalised the Australian Criminal Intelligence Model (ACIM) with the assistance of our Board member agencies. The model represents an agreed national framework for managing knowledge of the criminal environment and better exploiting intelligence capabilities nationally. Implementing the ACIM will deliver an enhanced flow of criminal intelligence within and across all three operating domains (policing and community safety, serious and organised crime, and national security) and will assist and influence decision-makers nationally. This is a significant step towards treating criminal intelligence as a national asset—something that is collected once and used often for the benefit of many.

This year, the ACIF focused on three critical success factors for the ACIM: technology, policy and legislation, and culture. While it is difficult to quantify the value of intelligence inputs, there has been significant progress against each success factor:

- **Technology**—The ACIF agreed to work more collaboratively on federated technologies (national, collectively owned and used technologies) and is supporting development of a National Request for Information (NRFI) Capability, a National Criminal Intelligence Product Directory (NCIPD) and the National Criminal Intelligence System (NCIS), which is the proposed replacement for the Australian Criminal Intelligence Database and Australian Law Enforcement Intelligence Network desks (see page 94).

- **Policy and legislation**—The ACIM was used as a benchmark in developing the Australia New Zealand Policing Advisory Agency (ANZPAA) Education and Training Guidelines for Police Intelligence. These guidelines have now been accepted and endorsed by the Australasian Police Professional Standards Council.
- **Culture**—Establishing the ACIF as a forum for heads of intelligence nationally has contributed significantly to a culture of improved intelligence sharing across agencies and raised the profile of intelligence. Collaboration between ACIF and the Serious Organised Crime Coordination Committee (SOCCC) and strengthening of the Joint Management Group and Joint Analyst Group frameworks has been pivotal to the improved intelligence sharing. This collaboration has cemented the link between intelligence and operations, and is progressing the ACIM's vision of intelligence partnerships for a safer Australia. The question is no longer whether to share or not share, but rather what to share, how to share and what technology will facilitate sharing.

## National Criminal Intelligence Priorities

The National Criminal Intelligence Priorities (NCIPs) determine nationally significant criminal intelligence issues at the Commonwealth, state and territory level. Developing the NCIPs is a legislated function of the ACC Board. This year, the ACIF reviewed and revised the process for developing the NCIPs to ensure more active Commonwealth, state and territory collaboration and alignment with the ACIM. The collaboration resulted in a set of national priorities of relevance to all agencies. The ACIF finalised 10 NCIPs in August 2013, which the ACC Board endorsed at its meeting on 12 March 2014. These NCIPs guide intelligence collection and reporting nationally and will be reviewed by the ACC Board every two years.

## 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.

## National security relationships

We hosted a senior analyst from the Office of National Assessments for several months in 2013. This placement was very effective in facilitating exchange of ideas about intelligence practice and tradecraft and enhancing understanding of transnational crime.

Our relationships with the Office of National Assessments and other Commonwealth agencies are important in appreciating the nexus between serious and organised crime and national security issues. 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.

In addition, Fusion has established relationships with other members of the National Intelligence Community to share information and capabilities, where lawful and appropriate, regarding the highest risk organised crime targets.

# SPOTLIGHT ON... Australian Gangs Intelligence Coordination Centre

## Purpose

The AGICC is part of the Government's strategy to combat outlaw motor cycle gangs. It provides a dedicated intelligence capability for the National Anti-Gangs Squad and its associated Commonwealth/state strike teams in Queensland, New South Wales, Victoria and Western Australia.

It is linking the 'helicopter' view, or strategic understanding of the national picture, with intelligence that supports operational and tactical responses. This requires a balance of proactive intelligence development and responding to requests for operational support.

The specific objectives are to:

- develop and maintain the national and transnational picture of criminal gangs affecting Australia
- strengthen the coordination and sharing of gang intelligence by complementing existing Commonwealth, state and territory efforts
- provide high quality tactical, operational and strategic intelligence advice to the National Anti-Gangs Squad and its members
- drive proactive discovery and development of new intelligence insights into criminal gangs
- identify new targeting opportunities to complement existing Commonwealth, state and territory investigative efforts.

## Activities

Our AGICC partners have direct access to all ACC capabilities including Fusion and associated tools (page 88), and our specialist collection assets including national intelligence holdings.

Proactive intelligence development work, in collaboration with stakeholders, includes filling intelligence gaps and developing intelligence on high priority and emerging targets, along with a more strategic understanding of the evolving nature of the outlaw motor cycle gang threat.

We also develop intelligence to improve understanding about gang-related activities such as business operations and facilitators, firearms crime, violence, drug manufacture and supply, and financial crimes.

Responses to requests include providing operational intelligence to support the strike teams, the Joint Analyst Groups (page 90), the Criminal Assets Confiscation Taskforce (page 44) and to support the arrest and prosecutions of outlaw motor cycle gang members and identify emerging threats.

The AGICC is now the focal point for all our new and ongoing work relating to outlaw motor cycle gangs, including work under our new Outlaw Motor Cycle Gangs special operation (page 67) and the Attero National Task Force, which is targeting the Rebels outlaw motor cycle gang (page 53).

## Results

The AGICC's unique capabilities of data collection and information sharing allow us to draw cross-jurisdictional information together. Its work has already improved intelligence sharing, influenced operational decisions and the formation of investigations, and improved understanding of outlaw motor cycle gangs. For example, since December 2013 to June 2014, the AGICC has:

- contributed to more than 28 state and territory outlaw motor cycle gang investigations, providing leads and filling intelligence gaps
- released more than 60 intelligence reports—providing previously unknown insights into illicit drug and money laundering activity including intelligence against key members of high threat outlaw motor cycle gangs in several jurisdictions
- responded to more than 83 requests for information
- provided intelligence that led to the arrest of 10 outlaw motor cycle gang members, after previous law enforcement efforts to locate them had been exhausted
- coordinated coercive examinations related to outlaw motor cycle gang activities.



# National databases and tools

Strong intelligence sharing allows law enforcement agencies to better focus operational resources on reducing 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.

## 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)
- National Clandestine Laboratory Database
- Violent and Sexual Crime Database
- ALEIN information desks (our partners can access intelligence products stored within a 'desk' based structure)
- the National Target System.

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 ALEIN desks and ACID. ALEIN desks provide a web-like environment, providing access to the latest ACC intelligence products.

There are currently 29 international, Commonwealth, state and territory law enforcement agencies connected to ALEIN. In 2013–14 the number of active ALEIN users from those agencies was 2896, compared with 2817 in 2012–13. This year we facilitated 38 240 visits to 1192 intelligence desks within ALEIN.

## 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, it is 30 years old and we are seeking to replace the system (see National Criminal Intelligence System on page 95).

This year we completed a major scoping study into how the system needs to evolve to deliver a capability that meets the dynamic and expanding needs of modern law enforcement. We are now determining how to build a National Criminal Intelligence System (NCIS) to support a more technologically advanced and efficient response to serious and organised crime in Australia. This will necessitate greater access to disparate law enforcement and intelligence databases.

### Activities this year

- **Improvements**—We are committed to improving our user interaction with the system through ongoing training opportunities, minor system enhancements to access, and search and presentation functions.
- **Uploads**—The volume of criminal information and intelligence uploads to ACID during 2013–14 was 303 963. This is an increase in ACID uploads of 274 182 in 2012–13.
- **Entities created**—We created 1 191 488 new entities (uploaded intelligence reports may contain details of one or more entities such as names, addresses and other specific information).



- **Users**—We facilitated 1600 active users of ACID, reflecting a slight downward trend in user numbers from last year's total of 1618.
- **Searches**—The total number of ACID searches returned to a more normal level, decreasing from the one-off spike of 1 302 439 in 2012–13 to 320 536 in 2013–14. The spike last year was largely attributed to a specific Fusion project.
- **ACID/ALEIN Information Sharing Working Group**—We continue to support a group comprising representatives from our partner agencies, to ensure the ongoing development of ACID/ALEIN is appropriate for their needs. The group is revising the ACID/ALEIN security risk assessment to identify changes necessary to satisfy information security and information management requirements of contributing agencies. This work is limited by the age of the current system and rules relating to sharing of ACID information.

## National Criminal Intelligence System

The National Criminal Intelligence System (NCIS) is the proposed replacement for ACID and ALEIN desks and will enable us to continue to deliver our ACC Act 7A(a) function of maintaining a national database of criminal information and intelligence. The NCIS will be a federated national law enforcement capability, which will facilitate real-time collaboration and intelligence sharing. It will improve technical capabilities by creating an agreed national interoperable framework with common principles and standards, aligned to the Australian Criminal Intelligence Model (see page 91). We aim to implement the NCIS using a phased modular approach and provide the national framework that brings together Australia's collective knowledge using modern technical tools and capabilities. In a similar way to our successful Fusion program, we expect the NCIS to deliver process improvement and efficiency gains by automating the most labour-intensive tasks performed in national collaboration activities. This will free up our national intelligence resources to concentrate on higher level tasks that provide more predictive and insightful analysis to improve our national decision-making and operational effectiveness.

## 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 data repository. All Australian and New Zealand law enforcement partners (and prescribed regulatory agencies) are also able to access the system online. The criminal targets included in the National Target System form the basis of the National Criminal Target List, which is a listing of all nationally significant serious and organised crime targets reported to the ACC for our annual *National Criminal Target Report*.

## 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 offences and offenders at the earliest opportunity. Queensland Police were the primary system users in support of violent and sexual crime investigations nationally throughout 2013–14.

## 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.

# Capability development

## Cyber, financial and international capability strategies

Last financial year, as part of our considerations on how to best deliver ACC outcomes in line with our *Strategic Plan 2013–18*, our internal capability project identified the need to further develop our capability to respond to the **cyber, financial and international** aspects of the serious and organised criminal environment.

This year we developed dedicated capability strategies for these three focus areas. The strategies are interdependent and reflect the transnational, technically mature and financially astute nature of serious and organised crime.

In keeping with our *Strategic Plan 2013–18*, the strategies are linked to our ‘discover, understand, respond’ approach and share the five-year time frame of the plan.

They outline initiatives to develop our internal capabilities alongside collaborating with partners and working with industry. The principles of collaboration, non-duplication of outcomes and leveraging existing opportunities underpin these strategies. They draw on our work across multiple areas, support tangible outcomes, and have relevance in some way for everyone in our organisation. While they have been specialised projects to date, we expect they will become business as usual by the end of their five-year time frame.

We consulted with staff, our executive, Board agency partners and broader stakeholders to develop the strategies.

As we begin implementation in 2014–15, we will also follow up on considerable interest raised during the consultation, in particular about how we can collaborate with our partners to address issues and opportunities identified.

## Cyber Capability Strategy

Information and communications technologies are integral to daily life in Australia. For example, at the end of 2012 there were 17.4 million mobile handset Internet subscribers, a 16 per cent increase on the previous year.<sup>10</sup> Australia’s high adoption rate of technology is increasing the opportunities for serious and organised crime, including cybercrime.

Our Cyber Capability Strategy provides the framework for how we will target cybercrime and serious and organised criminal entities whose activities are based on, or facilitated by, the Internet and the use of cyber technology.

To combat the pervasive and increasing harm of cybercrime a concerted effort is required from both the public and private sector. To inform and lead the national effort, we will collaborate with national security, law enforcement and industry to discover and understand the extent of the threat and harm presented by cybercrime. We must ensure a focus on prevention as well as response through disruption and education.

We will develop our cyber capability in four areas:

- people, skills, training and culture
- tools and infrastructure
- research and development
- partnerships and collaboration.

Our aim is to develop baseline cyber intelligence and investigative capability more broadly across the ACC. By doing so we will enable our specialists to have a greater strategic focus and capacity to develop new capabilities to understand and combat cybercrime.

As part of this strategy, we will also look to mature capability enablers that will assist us to prevent and respond to cybercrime, including legislation, policy and forums, intelligence collection and data exploitation.

## Financial Capability Strategy

The use of the cyber environment to facilitate economic crime, such as serious and organised investment fraud, is a significant concern.

10 Australian Bureau of Statistics, *Internet Activity*, October 2013.

Organised crime adapts quickly to opportunities and challenges in the financial sector. For example, as financial services that enable money laundering come under greater scrutiny through regulation, security systems and enhanced law enforcement, the use of shadow economies will increasingly require law enforcement attention.

Our Financial Capability Strategy will strengthen our capability to attack organised crime at its source and reduce its impact, particularly through monitoring and investigating the flow of illicit funds.

Through this strategy we are bringing together specialist capabilities and all source collection and intelligence analysis to discover, understand and respond to the financial aspects of serious and organised criminality impacting Australia, and ultimately break the business model of organised crime.

We will develop our financial capability in three areas:

- people, training and skills
- tools
- collaboration and partnerships.

This strategy also involves focusing on enablers that will assist us to prevent and respond to financial crimes, such as policy, legislation, investigations and intelligence collection.

### International Capability Strategy

Australia's economy is inextricably linked to the international economy; international communication is instantaneous, and the use of online financial services is increasingly the norm.

We have identified critical risks for Australia emerging from the effects of globalisation. Criminal enterprises located overseas are adversely affecting Australia's strategic interests and community. Most of Australia's serious and organised criminal threats are based offshore or have strong international links. The growth of cyber technologies, international trade and financial transactions is enabling the expansion of transnational criminal enterprises.

As we continue to evolve ACC capabilities and deepen our understanding of the transnational drivers of serious and organised crime, we must also evolve our approach to international engagement.

Our International Capability Strategy reflects this through initiatives to sustain coordinated long-term partnerships and leverage relationships and existing networks more fully. A key objective is to strengthen cooperation with international criminal intelligence partners, through collection and analysis of organised crime targets that pose the greatest threat to Australian citizens and interests. In this way, we will enhance our ability to discover, understand and respond to serious and organised crime through global partnerships.

The principles of collaboration, non-duplication of outcomes and leveraging existing opportunities are especially relevant to this strategy. The International Capability Strategy enables us to support our partners while focusing our expertise on niche areas of serious and organised crime activities, enhancing our strategic international capability, and using existing networks to full effect without duplicating our partners' outcomes.

## International development and collaboration

As part of our efforts to develop capability and strengthen collaboration we participate in various international initiatives including the following examples.

### Strategic Alliance Group Principals' meeting, London

On 28 and 29 May, our CEO attended the Strategic Alliance Group Principals' meeting in London. This international coalition of law enforcement agencies from the United Kingdom, Canada, the United States, New Zealand and Australia is a key forum for establishing international law enforcement priorities and providing an opportunity for collaboration on approaches to combat serious and organised crime. The ACC and Australian Federal Police jointly represent Australia.

This is an important annual opportunity for the heads of representative law enforcement and intelligence agencies to meet as a group and one-on-one to discuss key issues. The May 2014 agenda included information sharing, cybercrime, money laundering and terrorism financing—all focuses for our menu of work. Information sharing emerged as a critical area of discussion, with the Strategic Alliance Group forum recognising the

need for information to be appropriately harnessed in support of international law enforcement collaboration and engagement. The Strategic Alliance Group also agreed at its May 2014 meeting to change its name to the Five Eyes Law Enforcement Group.

Our attendance highlights the ACC's important role as Australia's national criminal intelligence agency and the wider contribution we make to global criminal intelligence and law enforcement. We also participate in Strategic Alliance Group working groups: the Cybercrime Working Group, Proceeds of Crime Working Group and the Criminal Intelligence Advisory Group.

### Second National Strategic Intelligence Course presented in the United States

The United States Department of Homeland Security hosted the second National Strategic Intelligence Course (NSIC) in Washington, D.C. in September 2013. This followed the successful first Washington-based NSIC in 2012.

An ACC officer was part of the directing staff for the course, together with officers from the Australian Federal Police and Charles Sturt University. Intelligence analysts from Australia, the United States, United Kingdom, Canada and New Zealand attended the two-week course. A mix of academic classes and simulated intelligence activities covered the following topics:

- organised crime exploitation of free trade zone vulnerabilities
- social network opportunities for covert human source recruitment
- psychoactive substances over the next five years
- intellectual property crime over the next three years.

There was strong positive feedback, with participants looking forward to sharing their knowledge with, and recommending the course to, their peers. Participants commented that they learned many new skills, tools and techniques to take back to the workplace, and valued the opportunity to strengthen their professional networks. The course is also run three times a year in Canberra, and has also been delivered in Singapore and Hong Kong.

### International manual on clandestine laboratories

The ACC's Special Investigator Forensic Chemist, Peter Valley has authored the latest edition of the United Nations Office on Drugs and Crime (UNODC), *Clandestine Manufacture of Substances under International Control*. This updates the previous 1998 edition, to reflect the contemporary environment around clandestine manufacture of illicit drugs.

The manual is a reference tool used by forensic chemists, regulators and investigators around the world to assist in identifying methods of manufacture and precursors used to produce 52 drug substances that are under international controls. The manual includes extensive structural diagrams and chemical reference numbers and references to some 600 published articles. It provides a current snapshot of an ever-changing environment.

### Discovery of a transnational secure communication threat

In September 2013, as part of Project Tallowood (see page 72), two senior ACC representatives travelled to the United Kingdom and Canada to coordinate intelligence collection and operational strategies around the evolving threat posed by secure communications. In addition to valuable executive engagement on this threat and related jurisdictional issues, technical and operational briefings were held.

This threat is now a permanent feature of the modern serious and organised crime and national security environment against Australia's national interest. Through our unique perspective and collection on this issue, we were able to highlight to our partners the significant threats posed by providers of secure communication services, and how these services form a crucial role in facilitating serious and organised transnational criminal activity. The threat picture outlined by our unique reporting on this issue has been broadly published across our many international partners, all ACC Board agencies, and all domestic and allied intelligence and law enforcement partners.

We continue to collaborate with our United Kingdom, Canadian and New Zealand partners on this issue, and these partnerships have since broadened to capability sharing and other operational outcomes.

### Europol and INTERPOL engagement

Facilitated by the Australian Federal Police international network, a senior ACC executive officer attended Europol in The Hague and INTERPOL in Lyon during March 2014, to coordinate operational activity and agree on internationally aligned strategies for emerging technology. The visit resulted in information exchanges and enhanced international connectivity for the Fusion capability. For example, this visit provided the initial engagement for ACC involvement in the INTERPOL Opson 3 debrief (see below). Our executive officer also met with Dutch and British law enforcement representatives to discuss emerging technologies and outlaw motor cycle gangs, share best practice and explore new approaches. Our engagement with these agencies is ongoing.

### INTERPOL operation debrief

In June 2014, the ACC attended the INTERPOL/Europol Sponsored Operation Opson 3 Debrief in Madrid, Spain. Operation Opson was a joint operation, led by INTERPOL and Europol, involving around 33 countries across Europe, Asia, Africa and North and South America. It targeted serious and organised crime networks behind the illicit trade in counterfeit and substandard food and drink.

The aim was to reduce the potential harm to the public from consuming food and drink that does not conform with consumer standards (for example, the sale of vodka containing methanol through a national illegal alcohol distribution network that resulted in 50 deaths in the Czech Republic in 2012) and the harm to business, economies and revenue from what is a large and rapidly growing black market. Operation Opson 3 ran from December 2013 to January 2014. It resulted in 96 arrests and the seizure of more than 1200 metric tons of fake or substandard food as well as nearly 430 000 litres of counterfeit drinks. Illegal migration and other offences have also been linked to the trade.

## Workforce optimisation project

We began our workforce optimisation project last year to help address the tightening fiscal environment while also optimising our workforce to deliver in the medium to long-term. This project builds on recommendations from earlier capability reviews, both internal and external, as well as staff feedback. The project also supports delivery of our capability strategies: cyber, financial and international.

The first phase, which finished in October 2013, identified ways to be more efficient and effective as an organisation. We considered links between capability, people and performance and how to best structure and manage these links to maximise ACC outcomes, against our finite resource base. We made structural changes that reflected staff feedback and better aligned the agency to deliver against our *Strategic Plan 2013–18*. The restructure has resulted in better-aligned functions, more efficient decision-making and better internal collaboration across the three directorates. The project also delivered an improved understanding of the resource distribution across the ACC and provided an opportunity to refocus some resources towards priority areas. This work also informed our strategic workforce planning. We will continue to use the outcomes of this work to build our future capabilities.

## Looking forward

Our capability development focus in the coming year is to further the global connectedness of our Fusion capability, consolidate and strengthen the Australian Gangs Intelligence Coordination Centre intelligence function and progress the National Criminal Intelligence System. We are working with CrimTrac on the development and launch of a new Australian Cybercrime Online Reporting Network (ACORN). The ACORN will provide an Internet-based capability for the public to find advice about, and report instances of, cybercrime. Through administering the system, we will collect further information relating to cybercrime threats. We will also move to the implementation phase for our cyber, financial and international capability strategies and build on our workforce optimisation project.



We help to achieve  
**our intended outcome** through  
good governance, effective  
planning and performance  
measurement, and a flexible  
and resilient workforce.



# 6

## Management and accountability

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## Context

The ACC was established under the *Australian Crime Commission Act 2002* (ACC Act) to combat serious and organised crime through cooperative Australia-wide investigation and intelligence activities. Our national role and functions are underpinned by supporting legislation in each state and territory.

As a Commonwealth statutory authority we also have responsibility under the *Public Service Act 1999* and the *Financial Management and Accountability Act 1997*.<sup>11</sup>

We are part of the Attorney-General's portfolio and report to the Minister for Justice.

<sup>11</sup> The *Public Governance, Performance and Accountability Act 2013* replaces the *Financial Management and Accountability Act 1997* from 1 July 2014.

## Internal governance

Our internal governance framework and processes ensure accountability and transparency, and promote quality leadership, effective people management and efficient and ethical use of our resources. Our internal governance structure includes our senior executive team and senior management committees.

### Senior executive team

Our senior executive team comprises the CEO, three Executive Directors, seven National Managers, five State Managers and two state/territory Liaison Officers. As part of natural staff movement and career development, there were changes to the senior executive team during the year. The most significant change was the retirement on 16 October 2013 of CEO, John Lawler AM APM, after five years in the position. Our new CEO, Chris Dawson APM, started on 28 April 2014.



ACC senior executive team.



# Snapshot of management and people in 2013–14



**562 APS staff and 43 secondees**  
from partner agencies



**Property Strategy**  
developed



**Performance measurement**  
framework implementation commenced



**Sustainable Investment**  
Strategy developed



**48.9% women**  
**51.1% men**

**2700 learning and development**



opportunities



**88.5% retention rate**

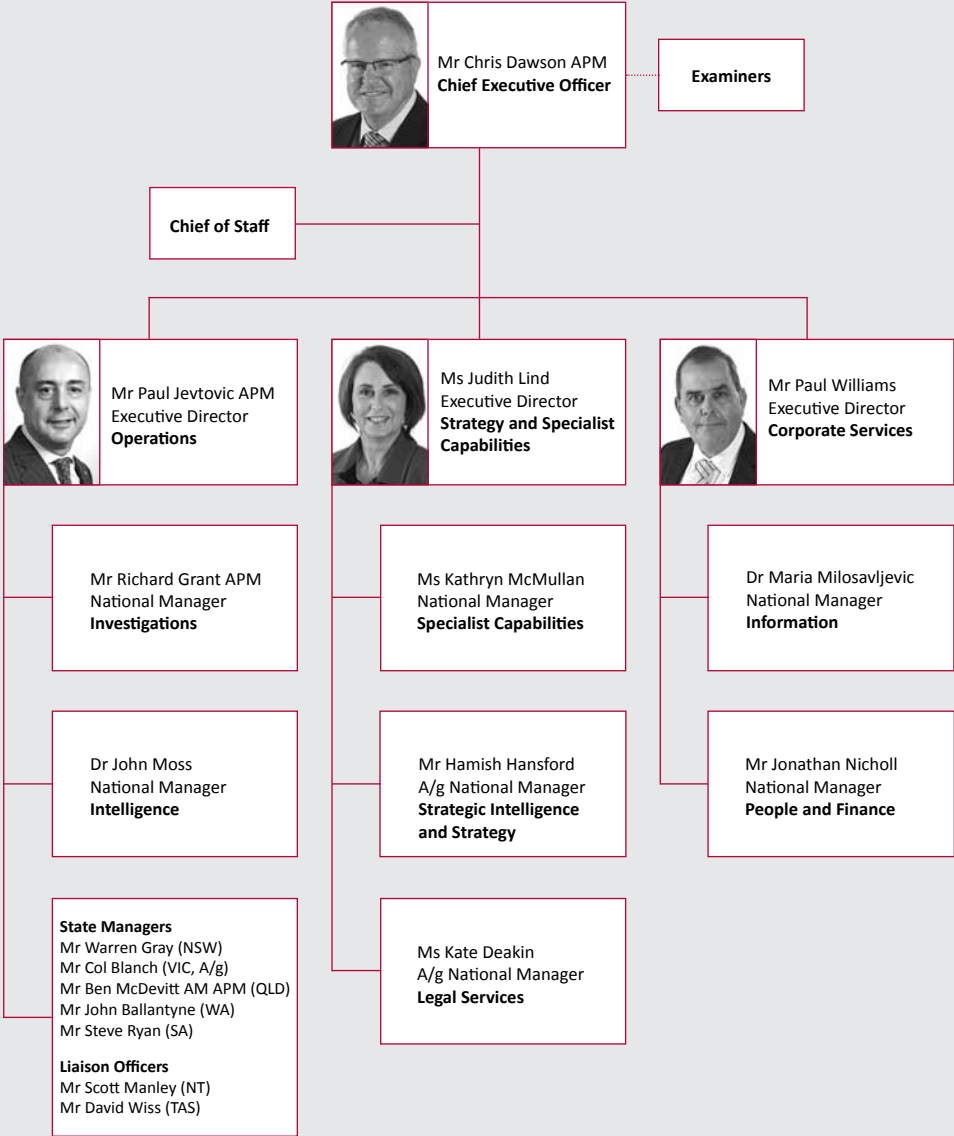


**Strategic Workforce Plan**  
developed



**Commonwealth Ombudsman inspections**  
no recommendations

# Organisational structure



# Chief Executive Officer

## Chris Dawson APM

Chris Dawson joined the Western Australia Police as a cadet in 1976. During his extensive law enforcement career, he has served in country and metropolitan positions with specialist portfolios of serious and organised crime, counter terrorism and state protection.

More recently he was State Commander for the Commonwealth Heads of Government Meeting (CHOGM) where he was responsible for the security of all attending Heads of State from 53 Commonwealth countries and their respective other senior ministers and delegates.

Appointed Deputy Commissioner of the Western Australia Police in July 2004, Mr Dawson led the agency reforms following the Royal Commission into Western Australia Police. From May 2008 he had overall management of all operational policing within metropolitan and regional areas of Western Australia, the world's largest single police jurisdiction (more than 2.5 million square kilometres).

Mr Dawson holds a Graduate Certificate in Police Management, a Graduate Diploma from the Australian Institute of Company Directors, and a Diploma in Policing. Mr Dawson was awarded the Australian Police Medal for distinguished service in the 2002 Queen's Birthday Honours List.

He commenced as Chief Executive Officer of the ACC on 28 April 2014.



# Operations Directorate

Executive Director, Operations | Paul Jevtovic APM



Paul Jevtovic began his policing career with the Australian Federal Police in 1982, working in a broad range of investigative fields including drugs, serious and organised crime, fraud and internal affairs, anti-corruption and international policing capabilities. Mr Jevtovic continued his executive leadership career as Deputy Director, Office of Police Integrity Victoria in January 2010. He has completed the Police Executive Leadership Program, the Australian Company Directors Program, and the Australian Graduate School of Management General Managers Program. Mr Jevtovic was awarded the Australian Police Medal in 2007 for service to policing.

Mr Jevtovic joined the ACC in early 2012 as Executive Director, Intervention and Prevention (now Operations). This directorate comprises our investigations and intelligence operations as well as intelligence products development and oversight of State Managers and the Northern Territory and Tasmania Liaison Officers.

From mid-October 2013 to early April 2014, Mr Jevtovic was Acting CEO.



### **National Manager, Investigations Richard Grant APM**

Prior to joining the ACC in 2010, Richard Grant spent over 33 years with Victoria Police, mainly investigating serious and organised crime. Mr Grant was also responsible for developing and implementing legislative and policy reform in relation to asset confiscation and organised crime. Mr Grant has a Bachelor of Arts and a Graduate Diploma (Executive Leadership). In 2008, Mr Grant was awarded the Australian Police Medal for service to policing.

As the ACC's National Manager, Investigations, Mr Grant's major responsibilities include managing the ACC's capabilities to develop extensive knowledge about and investigations into highest risk criminal targets.



### **National Manager, Intelligence John Moss**

John Moss has over 20 years' experience in intelligence and security related positions in New Zealand and Australia and has undertaken operational deployments overseas. Since joining the ACC in 2007, Dr Moss has worked in areas including strategic intelligence assessment of the aviation and maritime sectors, leadership of the Collections and Analytics Branch and implementation of our Sentinel Strategy and operating model. Dr Moss has a Doctorate of Philosophy and other postgraduate qualifications including a Master of Defence Studies, Master of Letters, Graduate Certificate of Asian Studies and Graduate Certificate in Organised Crime and Corruption Investigations.

As the ACC's National Manager Intelligence, Dr Moss manages the ACC-led National Criminal Intelligence Fusion Capability which includes the Fusion Monitoring, Fusion Discovery and Fusion Special Intelligence Teams. Dr Moss also leads the ACC contributions to the Joint Analyst Groups in each jurisdiction and the Australian Gangs Intelligence Coordination Centre.



### **State Manager, New South Wales Warren Gray**

Warren Gray joined the ACC in November 2009 after a 24-year career with the Australian Federal Police. There he had a range of roles including senior positions such as Sydney Manager, Manager Economic Operations and Airport Police Commander Sydney Airport. Mr Gray has a Bachelor of Administrative Leadership.

In his current role as State Manager, New South Wales, Mr Gray is responsible for liaison with key stakeholders and oversees ACC operations in New South Wales.



### **A/g State Manager, Victoria Col Blanch**

Col Blanch joined the ACC nearly 10 years ago from the Melbourne Criminal Investigation Unit of Victoria Police. Between 2005 and 2011, Mr Blanch was an investigator and team leader on many major ACC drug and money laundering operations. Mr Blanch went on to head the ACC Board-approved task forces Galilee and Eligo. Mr Blanch holds a Diploma in Fraud Investigations, an Advanced Diploma in Police Investigations and a Diploma in Police Studies.

In his current role as Acting State Manager, Victoria, Mr Blanch is responsible for liaison with key stakeholders and oversees ACC operations in Victoria.



### **State Manager, Queensland Ben McDevitt AM APM**

Ben McDevitt joined the ACC in January 2011. He previously served in various national and international law enforcement roles for 29 years, including ACT Policing, Australian Federal Police, Deputy Commissioner of the Royal Solomon Islands Police, Law Enforcement Advisor to Bougainville Peace Monitory Team, with the United Nations Police in Cyprus, and five years as the CEO of CrimTrac. Mr McDevitt has a Masters of Public Policy and Administration.

Mr McDevitt has held the roles of Special Advisor Knowledge Management and State Manager, Queensland, which previously included overseeing the Cyber Intelligence Unit. Mr McDevitt also chaired the Australian Criminal Intelligence Forum (ACIF) which brings together heads of intelligence nationally to collaborate on strategic intelligence issues.

Mr McDevitt left the ACC in May 2014 to take on the role of Chief Executive Officer, Australian Sports Anti-Doping Agency.



### **State Manager, Western Australia John Ballantyne**

John Ballantyne is a Detective Superintendent with the Western Australia Police, seconded to the ACC in 2011. Mr Ballantyne is a highly experienced senior police officer with a 36-year career, serving across a broad range of functions including Crime Squads, District Detectives and Community Policing.

Mr Ballantyne has also served with the Australian Federal Police on two overseas deployments. He has a Bachelor of Policing (Investigations) and a number of postgraduate management qualifications including a Master of Business Administration. Mr Ballantyne is also a graduate of the Australian Institute of Company Directors' course and is an Associate Fellow of the Australian Institute of Management (WA).

As the State Manager, Western Australia, Mr Ballantyne is responsible for fostering and maintaining ACC relationships with traditional and non-traditional law enforcement and regulatory agencies in Western Australia. He is also the current chair of the WA Serious and Organised Crime Joint Management Group, a position he has held since 2012.



### State Manager, South Australia Steve Ryan

Steve Ryan is a Detective Superintendent with South Australia Police, with 30 years' diverse experience in strategic, operational and investigative policing environments. He was seconded to the ACC in December 2012. Mr Ryan has a Bachelor of Arts in Criminology (Honours), a Graduate Certificate in Business Administration and a Graduate Certificate in Applied Management. He is also a graduate of the Federal Bureau of Investigation National Academy, Royal Canadian Mounted Police Senior Administration Course and Hong Kong Police Senior Commanders Course and International Triad Organised Crime Course.

Most recently Mr Ryan held the position of Officer in Charge Sex Crimes Investigation Branch and was a member of the Australia New Zealand Policing Advisory Agency Child Protection Committee.



### Northern Territory Liaison Officer Scott Manley

Scott Manley is a Detective Acting Superintendent with the Northern Territory Police, seconded to the ACC in November 2012. He brings experience as an investigator and manager in criminal investigations including sex crimes and major fraud. Mr Manley has an Advanced Diploma of Police Investigations, a Graduate Certificate in Fraud Investigation, a Graduate Certificate in Financial Investigation, and a Graduate Certificate in Applied Management (Policing and Emergency Services).

Mr Manley's 28-year career with Northern Territory Police has encompassed general and remote policing, serious crimes investigations and most recently three years as the Officer in Charge of the joint agency Child Abuse Taskforce.



### Tasmania Liaison Officer Dave Wiss

David Wiss is a Detective Inspector for Tasmania Police who joined the ACC on secondment in July 2013. Mr Wiss has over 30 years' experience in diverse areas within Tasmania Police including criminal investigation, as a Staff Officer in the Commissioner's Office, policy areas and a remote area posting. He was also a police negotiator for seven years. In 2014, Mr Wiss completed a Graduate Diploma in Police Studies with the University of Tasmania and also has a Graduate Certificate in Applied Management from the Australian Institute of Police Management. He has received the Tasmania Police Commissioner's Medal and the National Police Medal.

Mr Wiss' role includes overseeing operations between the ACC and Tasmania Police as well as enhancing the ACC's relationship with Tasmania Police, Australia Federal Police, Australian Customs and Border Protection Service, and other relevant stakeholders.



# Strategy and Specialist Capabilities Directorate

Executive Director, Strategy and Specialist Capabilities | Judith Lind



Judith Lind has over 31 years of public sector experience, including senior executive roles in the Australian Taxation Office and Australian Federal Police. Ms Lind has a Bachelor of Commerce and a Masters of Public Administration.

Ms Lind joined the ACC in 2009 as National Manager, Intelligence Products Branch and led the development of strategic intelligence assessments, the intelligence dissemination function and the intelligence discipline.

In August 2013, Ms Lind was promoted to the role of Executive Director Strategy and Specialist Capabilities, covering the legal function, strategic policy, planning and assessments, and the ACC's specialist capabilities.





### **National Manager, Specialist Capabilities, Kathryn McMullan**

Prior to joining the ACC in 2012, Kathryn McMullan was Deputy Chief of Staff and National Security Adviser to the Attorney-General and has also worked as strategic adviser to the Minister for Home Affairs and Justice. She previously held operational and strategic roles with the Australian Customs and Border Protection Service, the Department of Defence, and in the public and private sector in the United Kingdom. Ms McMullan has a Masters of Laws specialising in International Law, a Masters of Diplomacy, a Bachelor of Arts/Laws (Hons) and is currently completing a Graduate Diploma in Legal Practise.

As National Manager Specialist Capabilities, Ms McMullan is responsible for the ACC's technical and human covert intelligence collection, oversees the ACC's collection plan, and leads the development and implementation of the ACC's Cyber Capability Strategy and the International Capability Strategy. Prior to this, as National Manager, Performance and Governance, Ms McMullan led the positioning of corporate and operational frameworks to drive best practice and support ACC outcomes.



### **A/g National Manager, Strategic Intelligence and Strategy, Hamish Hansford**

Before joining the ACC in 2011, Hamish Hansford served in national security, criminal justice policy and program roles in the Attorney-General's Department, the Department of the Prime Minister and Cabinet and the (then) Department of Transport and Regional Services. Previously, Mr Hansford was Secretary of an Australian Senate Committee and worked on the National Broadband Network Implementation Study. Mr Hansford has a Bachelor of Asian Studies and a Bachelor of Arts (in Australia and on exchange in Indonesia).

Mr Hansford has held the ACC Chief of Staff role, and since October 2013 has been the Acting National Manager, Strategic Intelligence and Strategy. In this role, he is responsible for the delivery of key strategic intelligence products, strategic policy and governance functions as well as the National Indigenous Intelligence Task Force.



### **A/g National Manager, Legal Services, Kate Deakin**

Kate Deakin has more than 20 years' experience working in senior legal and policy roles in both New South Wales and Commonwealth agencies. Ms Deakin joined ACC in 2006 and has worked on high profile matters including overseeing the ACC's national litigation caseload, leading our previous Money Laundering special investigation, and working as strategic legal advisor to Operation Wickenby. Ms Deakin holds Bachelors of Arts and Laws and a Masters of Criminology and is currently completing an Executive Masters of Public Administration through the Australia and New Zealand School of Government.

As Acting National Legal Manager Ms Deakin oversees our in-house lawyers and provides Special Counsel advice to the ACC Board and senior management. ACC legal work includes counsel assisting the Examiners in ACC coercive hearings, administrative and criminal law litigation, advice on the use of ACC powers, and contributions to areas such as freedom of information, memorandums of understanding, policy development and legislative reform.

# Corporate Services Directorate

Executive Director, Corporate Services | Paul Williams



Paul Williams served in the Royal Australian Armoured Corps for 23 years in a variety of regimental appointments in Australia and offshore, before leaving the Army in 2002 and joining the Australian Federal Police. There he performed management functions in ACT Policing, the International Deployment Group, Aviation, Human Resources and with the first Australian Federal Police contingent to the Regional Assistance Mission to the Solomon Islands in 2003.

Mr Williams is a graduate of the Australian Army Command and Staff College and has a Graduate Diploma in International Law and a Master of Business Administration.

Mr Williams joined the ACC in 2013 as Executive Director Corporate Services and has responsibility for key enabling services including people, business support and finance.



### **National Manager, Information** **Maria Milosavljevic**

Maria Milosavljevic has more than 20 years' experience delivering innovative analytics and information technology solutions that improve organisational capability. She has held senior roles across government, industry and academia in both Australia and the United Kingdom. Dr Milosavljevic has published widely and completed a Doctorate of Philosophy in Computer Science with the Microsoft Research Institute. She is currently completing an Executive Masters of Public Administration with the Australia and New Zealand School of Government.

Dr Milosavljevic was the key driver in the establishment of the ACC-led National Criminal Intelligence Fusion Capability. After leaving for a short time, she returned to the ACC in May 2014 to lead the Information Branch, which manages information from entry to exit, ensuring that it is available, secure and can be exploited by the ACC and our partners. Dr Milosavljevic also oversees related organisational capability strategy, solution development, and underlying technology infrastructure and support.



### **National Manager, People and Finance** **Jonathan Nicholl**

Jonathan Nicholl's background is in law enforcement and national security intelligence operations, including with the Australian Federal Police, (former) National Crime Authority, and Defence Signals Directorate. Mr Nicholl has a Bachelor of Arts majoring in Politics and History.

Prior to his current role Mr Nicholl was the ACC's State Manager in Victoria and previously headed the National Indigenous Intelligence Task Force in Alice Springs.

As National Manager, People and Finance, Mr Nicholl is responsible for the ACC's Human Resource, Financial and Integrity Assurance business units. Mr Nicholl is a mentor on the Women In Law Enforcement Scheme (WILES) and is an Australian Public Service Indigenous Champion.

## ACC Examiners

ACC Examiners are independent statutory officers appointed by the Governor-General to exercise the coercive powers set out in the ACC's Act for the purpose of ACC Board-approved special operations and special investigations. To ensure accountability, coercive powers are only used when ACC Examiners are satisfied that it is reasonable in all circumstances to exercise these special statutory powers.

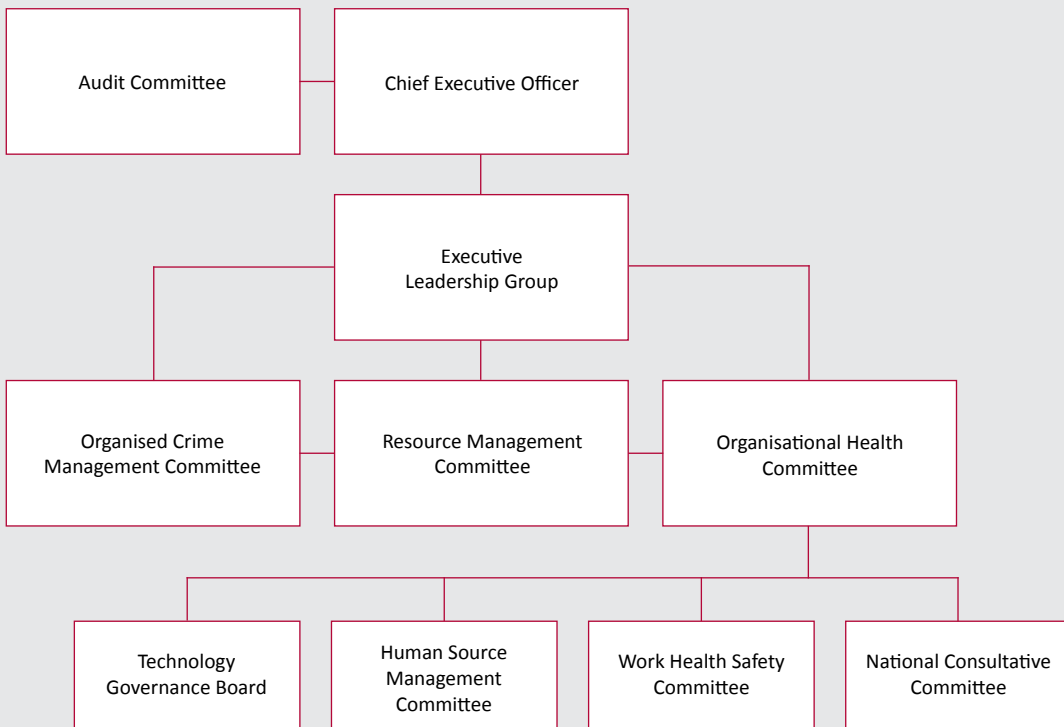
There is currently one full-time ACC Examiner, Mr G E Sage. Mr Sage has extensive experience in the legal profession. There are currently five part-time

Examiners: Mr J P Anderson, Ms A F Graham, Mr J P Hannaford, Mr J Hatzistergos and Mr M J Strong. An Examiner appointed on a part-time basis may not engage in any paid employment that may conflict with the performance of their duties as an Examiner.

## Senior management committees

Our committee structure comprises our Executive Leadership Group, Organised Crime Management Committee, and several other committees and working groups, panels and consultative committees.

### ACC senior management core committee structure as at 30 June 2014



## Executive Leadership Group

As the ACC's top level governing body, the Executive Leadership Group is central to the proper and effective management and operation of the agency. This includes driving our strategic direction, providing executive leadership, considering the ACC's broader strategic environment, reviewing and endorsing strategies that influence our work, and considering and resolving whole-of-agency risks.

This committee met quarterly during 2013–14, with each meeting focusing on a specific strategic challenge or theme for in-depth consideration. The Executive Leadership Group is supported by regular organisational meetings and reporting as well as robust internal governance processes.

Several executive committees support the Executive Leadership Group, providing advice and guidance to assist with decision-making.

## Organised Crime Management Committee

The Organised Crime Management Committee meets weekly. It comprises all Executive Directors, National Managers, State Managers and Liaison Officers as voting members, and heads of special investigations and special operations and other managers as non-voting members. The Organised Crime Management Committee makes decisions about the ACC work program and allocation of resources to support delivery of our objectives. The committee receives relevant performance reporting and advice to guide decision-making about priorities and resource and capability issues, investigative activity and the production of intelligence. Each month the Organised Crime Management Committee dedicates one meeting to consider agency performance, issues raised by other committees and any emerging strategic issues. This committee is supported by the fortnightly Operational Business Strategy Meeting.

## Organisational Health Committee

This committee complements the Organised Crime Management Committee and meets monthly. It oversees all major ACC activities and projects not managed by the Organised Crime Management Committee or Technology Governance Board, including strategic issues of organisational health, performance and effective function.

As part of this role, the Organisational Health Committee monitors the effectiveness of the ACC's risk identification and management framework and our security arrangements.

## Resource Management Committee

The Resource Management Committee consists of the ACC's Executive Directors and is supported by the Chief Financial Officer and other relevant National Managers. This committee considers all issues affecting ACC resources and provides advice and recommendations to the CEO about the ACC budget, people resources and ACC performance. The committee meets fortnightly and monitors and reviews organisational resource allocations and usage, ensures financial viability, and determines the reallocation of budget and resources in response to changing demands or circumstances.

## Technology Governance Board

The Technology Governance Board oversees all technology projects and considers any technology related risks, including information management and technology security risks. It provides advice to the Organisational Health Committee on the health and performance of the ACC technology work program and provides recommendations to the Resources Management Committee on investment proposals. This board is supported by the Technology Governance Board Sub-Committee.

## Human Source Management Committee

The Human Source Management Committee provides oversight and governance for the deployment of the ACC covert human intelligence source (informants) capability. This includes reviewing compliance with policy and standard operating procedures, providing advice to Executive Directors on risk management in cases referred to the committee, overseeing the engagement of human sources by the ACC, and evaluating submissions that propose financial rewards for covert human intelligence sources. This committee reports as required to the Organised Crime Management Committee.

## Audit Committee

The Audit Committee includes an independent external chair and member as well as an observer from the Australian National Audit Office. The committee meets quarterly to review internal and external audit reports, consider findings and recommendations, and oversee the internal audit program. The committee also meets once a year to review the financial statements. In addition, the committee monitors risk, internal controls and fraud and corruption prevention activities (see further details on page 123). From 1 July 2014 the Audit Committee takes on additional responsibility for monitoring performance reporting in accordance with the requirements of the new *Public Governance, Performance and Accountability Act 2013*.

## National Consultative Committee (and Local Consultative Committees)

The *ACC Enterprise Agreement* sets out the arrangements for consultation and communication within the ACC. We do this through the formal consultative mechanism of the National Consultative Committee and Local Consultative Committees in our offices around the country. This enables consultation between management and employees through representatives, and provides the mechanism for formal discussion of issues affecting their workplace.

## National Work Health and Safety Committee (and Local Work Health and Safety Committees)

The National Work Health and Safety Committee and Local Work Health and Safety Committees are established under the ACC Health and Safety Management Arrangements. Local committee meetings are held in our offices around the country and feed into the National Work Health and Safety Committee meetings which are held quarterly. These committees are the primary means of consultation on work health and safety matters for our staff. They support the ACC Executive by helping to develop, implement and review measures designed to protect and proactively manage the health and safety of our staff at work. More detail on the work by these committees is in Appendix C on page 212.

## Other committees

In addition to the senior management committees, the following committees also convene as required.

### Remuneration and Awards Committee

The Remuneration and Awards Committee considers requests for remuneration reviews in accordance with the *ACC Enterprise Agreement*. The committee also considers nominations for, and makes recommendations to the CEO on, ACC Awards.

### Executive Health Panel

The Executive Health Panel oversees the ACC Drug and Alcohol Policy, including when and where testing occurs, and would recommend appropriate action if a presumptive positive test occurred or if other breaches of the policy required consideration. More detail about our Drug and Alcohol Policy is in Appendix C on page 212.

### Management Review Board

In May 2014, we established a new Management Review Board to review and manage any risks identified by pre-employment screening and any complex staffing issues. This board is chaired by the National Manager, People and Finance, supported by relevant managers and specialists.

## Business planning

Our integrated planning system connects the ACC's strategic direction, work priorities approved by the ACC Board, risk assessment, resource allocations, performance measurement and monitoring.

### Strategic planning

Our integrated planning approach links all our operational and corporate work to the ACC's strategic direction. Our planning system builds on our Strategic Engagement Framework agreed with the ACC Board. All the elements of this framework including various plans and systems are connected, developed progressively, and inform each other.

### Strategic plan

During 2013–14 we focused on the priorities in our *Strategic Plan 2013–18*. The plan details the agency's goals and takes a risk-based approach to managing the threats posed by organised crime. This plan was formally approved by the ACC Board in June 2013.



# Australian Crime Commission STRATEGIC PLAN 2013–18



## CONTEXT

In 2003 the Commonwealth and States and Territories established the Australian Crime Commission, which is uniquely empowered to work across national boundaries to unite Australia's efforts against serious and organised crime.

Ten years on, in 2013, the world has evolved and so too has serious and organised crime. It is sophisticated, globalised and of increasing threat to national security. The traditional business of serious and organised crime survives and new forms have emerged. Serious and organised criminals are exploiting the cyber environment, and are increasingly targeting key economic assets and markets. In response, we must continue to ensure we have the right capabilities.

In the next five years the ACC will focus on understanding and responding to cyber and financial crime, while continuing to combat current criminal threats including trade in illicit commodities.

As Australia's national criminal intelligence agency with investigative capabilities, the ACC tailors the provision of our capabilities to support the government of the day, complement our partners and maximise outcomes.

Guided by national frameworks, we have strengthened and broadened our partnerships. Our traditional partners remain critical to the fight against serious and organised crime, but we will also work with other partners, such as policy makers, private industry and international agencies to better understand and respond to the threat posed to Australia from serious and organised crime.

This Strategic Plan, supported by the ACC Board and government frameworks, is a key driver in setting the direction of our agency, and influences all internal planning.

## VISION

The ACC achieves:

**reduced serious and organised crime threats of most harm to Australians and the national interest.**

We do this by:

**working across national boundaries to provide Australia with the ability to discover, understand and respond to nationally relevant serious and organised crime.**

## APPROACH

To achieve our vision we will:

**Build the national picture of serious and organised crime**

### Discover

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

### Understand

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

**Break the business of serious and organised crime**

### 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.

## WORK

### What we do

The ACC's functions are set out in the Australian Crime Commission Act 2002.

The ACC:

- Collects, correlates, analyses and disseminates criminal information and intelligence.
- Maintains a national database of criminal information and intelligence.
- Undertakes intelligence operations.
- Investigates matters relating to federally relevant criminal activity.
- Provides strategic criminal intelligence assessments.
- Provides advice on national criminal intelligence priorities.

### How we do it

The ACC is Australia's national criminal intelligence agency with an investigative function. We are the only agency solely dedicated to serious and organised crime of national significance.

The ACC:

- Coordinates and participate in national responses and partnerships against serious and organised crime.
- Provides the national picture of serious and organised crime.
- Acts as a national strategic advisor on serious and organised crime threats.
- Proactively discovers threats and vulnerabilities to protect Australia's interests and prevent harm.
- Unites partners to achieve outcomes that cannot be achieved alone.
- Provides Australia's national criminal intelligence fusion capability.
- Uses the national picture to prioritise our work to better understand and respond to the highest threats.

## FOCUS AREAS

Over the next five years, we will focus on two broad areas:

### Building our capability

#### EVOLVE OUR EXISTING CAPABILITIES

Evolve our existing capabilities—people, process and technology—to effectively respond to current and emerging threats, and create opportunities to share partners' capabilities.

#### CAPACITY FOR THE FUTURE

Focus on developing, for ourselves and through our partnerships:

- a) the ability to deal with serious and organised crime in cyber space
- b) the skills and technologies to respond to changing economic and financial serious and organised crime risks.

#### CRIMINAL INTELLIGENCE AS A NATIONAL ASSET

Focus on developing the national framework that brings together Australia's collective knowledge through the Australian Criminal Intelligence Model to build a comprehensive national picture of serious and organised crime.

### Working with partners

#### LAW ENFORCEMENT AND NATIONAL SECURITY AGENCIES

Strengthen our partnerships to continue to achieve our shared outcomes and provide a link between national security and law enforcement.

#### GOVERNMENT AND REGULATORY AGENCIES

Focus on working with government and regulatory agencies to improve information sharing and build a better national picture of serious and organised crime. Use what we have learned to help ensure program integrity and protect taxpayers' money.

#### INTERNATIONAL

Focus on enhancing our international collection and investigation capability using existing networks in order to build a better national picture of serious and organised crime.

#### PRIVATE SECTOR

Work together to better identify, understand and protect the private sector against serious and organised crime. Co-create projects to identify vulnerabilities and develop responses.

Through our partnerships, raise community awareness to protect Australians from serious and organised crime threats and reduce harm.

The plan captures our past, present and future on a single page. It clearly articulates who we are, what we do and why we do it. It also identifies our priority areas for the five years of the plan, focusing on building our capacity and working with our partners.

The plan recognises the evolution of serious and organised crime and our need to maintain pace to be effective in discovering, understanding and responding to it. It specifies that we need to evolve our existing capabilities and build for the future, particularly in dealing with serious and organised crime in the cyber environment, and tackling the financial and transnational nature of serious and organised crime.

We also detail our diverse groups of partners and the need to continue enhancing our relationships. Improving our use of existing networks, enhancing information sharing and strengthening partnerships are key to building an even more detailed national picture and breaking the business of serious and organised crime.

For further information on the progress we have made on our strategic plan focus areas see pages 96–99.

Our *Strategic Plan 2013–18* is on our website at <[www.crimecommission.gov.au](http://www.crimecommission.gov.au)> under 'Publications'.

## ACC business planning system

Our business planning system translates our strategic purpose, outcome, areas of development and determinations into annual activities (see diagram on next page). It includes:

- **ACC Business Plan**—This plan focuses on the work for the financial year. It is an organisation-wide plan to balance resourcing and effort so we achieve our required special investigations and special operations and other outputs as well as build a sustainable future.
- **Investigation and Operation Plans**—These plans detail the financial year's strategies, activities and required resources to deliver the ACC Board-approved investigations and operations.
- **Branch Plans**—These plans describe the work of each branch and how this contributes to achieving the priorities identified in our *ACC Business Plan*. Branch plans consider

both business-as-usual and essential business improvement activities. These plans are used to develop individual work plans for staff as part of the Performance Development System. For further information on our Performance Development System see 140.

- **Risk Planning**—The ACC regularly assesses organisational risk to inform management activities and planning. Risk assessments are a vital component of planning at all levels. More information on risk management is on page 123.

## Looking forward

On 1 July 2014 the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) came into effect. There are new expectations set out in the PGPA Act that relate to the way agencies conduct planning. In the coming year we will be working toward compliance with the requirements and making any necessary alterations to our planning framework.

## Annual report award

We take our performance measurement and reporting seriously and, as a result, we were pleased that the ACC's *Annual Report 2012–13* received a Silver Award—our second Silver—in the 2014 Australasian Reporting Awards. These criterion-based awards were introduced 64 years ago as a means of improving accountability for, and public communication about, the activities of organisations. The awards are open to all government, private and non-profit sector organisations across the Australasian region.

## Performance measurement

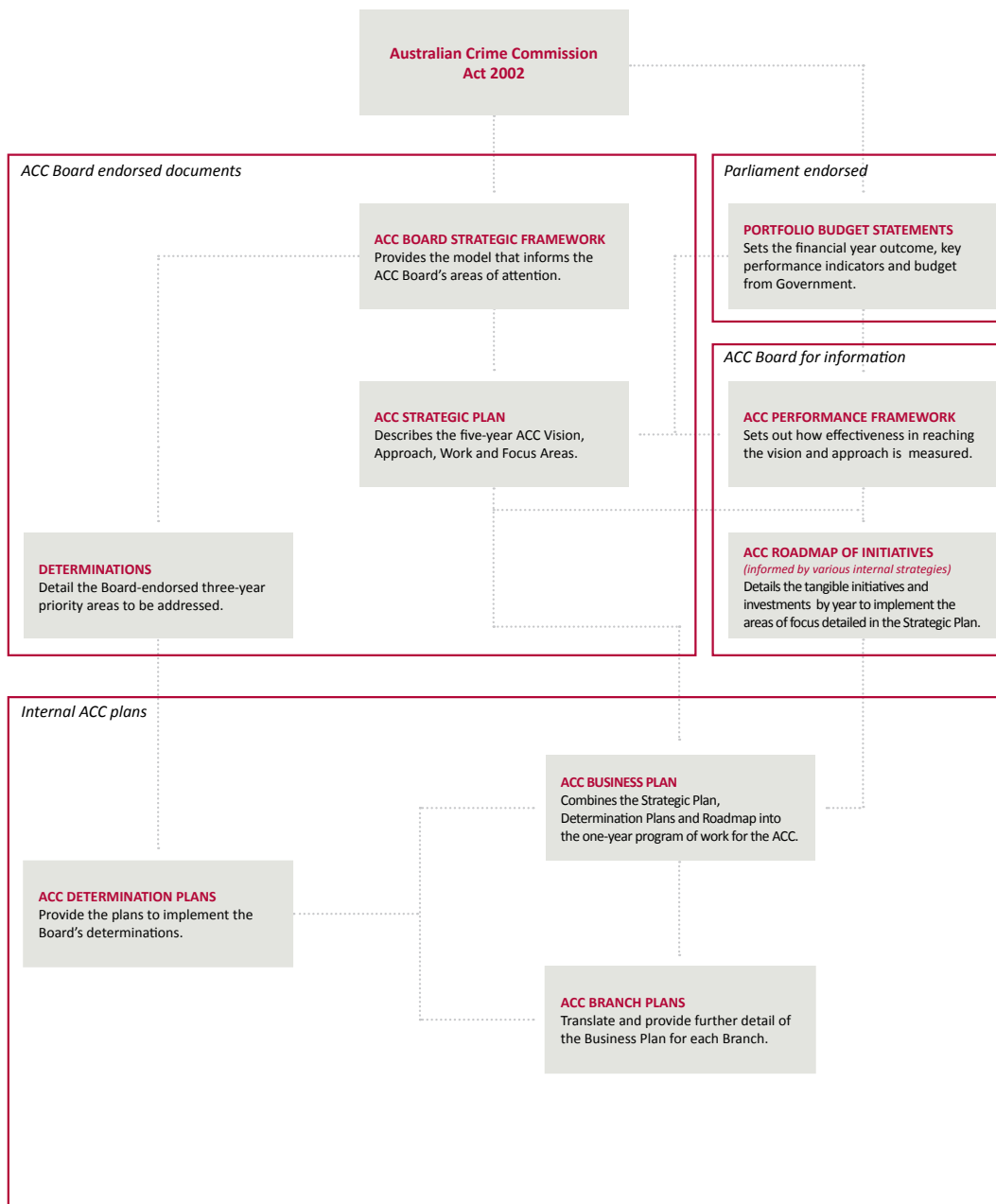
This is the first year of our new performance framework that we introduced to align both with our *ACC Strategic Plan 2013–18* and Portfolio Budget Statement 2013–14 outcome statement and key performance indicators (see Appendix B on page 209).

The new framework will, over time, assist us to more accurately reflect both our quantitative and qualitative results—capturing short-term and long-term, direct and indirect impacts of our activities.

Our performance indicators reflect our approach to reducing serious and organised crime threats through providing the ability to **discover**, **understand** and **respond** to such threats.



## ACC strategic planning process



## ACC performance framework for 2013–18 (based on our *Strategic Plan 2013–18*)

### OUTCOME

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.

### APPROACH

#### DISCOVER

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

### INDICATOR

The ACC produces intelligence that identifies and provides insights on new and emerging serious and organised crime threats.

The ACC fills intelligence gaps through the identification of vulnerabilities and indicators of serious and organised crime.

#### 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.

The ACC collects and maintains national holdings of serious and organised crime threats and targets.

The ACC interprets and analyses national holdings to create a national serious and organised crime intelligence picture.

#### 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.

The ACC informs and influences the hardening of the serious and organised crime environment.

The ACC influences or enables the disruption, disabling or dismantling of serious and organised crime entities.

The ACC participates in or drives collaboration in joint operations and investigations to prevent and disrupt serious and organised crime.

In this first year of working with the new performance framework, we have found that many of our activities can reflect performance across a range of indicators and that many of our achievements using the ‘discover’ and ‘understand’ approach can (or will) lead to either prevention and disruption responses. In some cases, the response to prevent or actively disrupt serious organised crime will be undertaken by us or in partnership with other agencies, but far more commonly our intelligence enables our partners to effectively respond.

As a result of this, to effectively capture and measure our performance, we face the challenge of developing viable methodologies and improved business processes and systems to better collect the influence and impact that our intelligence provides for our partners, and the resultant impact on serious and organised crime.

We have begun to test the viability of measures that we have been developing for each indicator, and changed our format of reporting this year to reflect how our activities have contributed to performance against each of our key performance indicators. For details, see our *Year’s performance scorecard* in Chapter 1 on pages 20–23.

Looking forward, we expect to continue to improve and develop new ways to quantify our performance and provide improved qualitative descriptions about the value we add to the national fight against serious and organised crime.

## Property Strategy

We have offices in each capital city to support delivery of our national service. Our national property and accommodation strategy supports a clear and unified ACC culture and identity through a common look and feel to our offices, while also incorporating state-specific requirements. This strategy also aims to define well in advance the requirements for each property location, to allow the capital funding cycle to run its course and take advantage of positioning and favourable property market conditions where they exist. This forward planning also ensures best value for money and compliance with per person density requirements.

## Sustainable Investment Strategy

This year we responded to the challenge of reduced funding by further reducing supplier expenditure, to retain sufficient workforce to effectively deliver our agency’s outcomes. In addition, our employee voluntary redundancy strategy resulted in 13 voluntary redundancies. The scope for further voluntary redundancies will be limited without affecting the essential nature of our workforce and our ability to service our legislative mandate. The cumulative effect of efficiency dividends and the lapsing of funding over the 2014–15 to 2017–18 period is driving the need to reconsider the ACC’s financial basis.

Our three broad sustainable investment strategies are:

- appropriation strategies
- cost reduction strategies
- alternative funding strategies.

We are continuing to work on strategies with the aim of achieving financial sustainability for the ACC into the future.

## Stakeholder research

We managed and conducted our annual stakeholder research in-house for the second time this year, following a successful in-house process in 2012–13.

This year we revised our performance measurement framework to reflect our five-year strategic outlook and to directly align with our *Strategic Plan 2013–18*. The revised framework informed the development of the ACC’s Portfolio Budget Statement 2013–14 and corresponding key performance indicators. The new indicators better capture the full scope of our role in combating serious and organised crime in Australia by including both quantitative and qualitative performance measures.

This year’s research results set a baseline for stakeholder satisfaction against our new key performance indicators, which we can measure through future research. Under the new framework our stakeholder research forms one part of our performance reporting against our indicators—rather than being the primary reporting mechanism as it was previously.

## Research results

Overall results against our key performance indicators were strong, with over 80 per cent agreement across all seven indicators.

Key performance indicator	Result
The ACC produces useful intelligence that identifies and provides insights on new and emerging serious and organised crime threats.	<b>93%</b> agree or strongly agree
The ACC fills intelligence gaps through the identification of vulnerabilities and indicators of serious and organised crime.	<b>89%</b> agree or strongly agree
The ACC collects and maintains national holdings of serious and organised crime threats and targets.	<b>96%</b> agree or strongly agree
The ACC interprets and analyses national holdings to create a national serious and organised crime intelligence picture.	<b>91%</b> agree or strongly agree
The ACC informs and influences the hardening of the environment against serious and organised crime.	<b>83%</b> agree or strongly agree
The ACC influences or enables the disruption, disabling or dismantling of serious and organised crime.	<b>83%</b> agree or strongly agree
The ACC participates in or coordinates collaboration in joint investigations and operations to prevent and disrupt serious and organised crime.	<b>91%</b> agree or strongly agree

Note: includes valid responses only (i.e. excludes 'don't know' responses).

## Internal audit

Our Internal Audit team has three main responsibilities:

- auditing organisational and operational systems and processes
- monitoring implementation of audit outcomes
- developing business improvement opportunities to enhance effectiveness and efficiency in all ACC business areas.

Our Internal Audit function delivers an independent and objective advisory service that provides support and assurance to the ACC executive regarding the responsible, effective and efficient use of ACC powers and resources. Internal Audit is directly accountable to the CEO and the Audit Committee, with the roles, responsibilities and scope of the function set out in the ACC Internal Audit Charter.

During the year, our Internal Audit team audited activities identified on the basis of legislative requirements and the current level of operational or strategic risk, as identified in the ACC Strategic Risk Profile and Strategic Risk Assurance Map (which examines the various high risks to the ACC from a strategic portfolio level). The team also consults with Executive Directors and National Managers about other agency activities that could benefit from the scrutiny of an audit. The audits examined the currency of policies and procedures, efficient use of organisational resources and whether we were achieving operating objectives.

We operate a co-sourced internal audit service. The main areas covered by Internal Audit during 2013–14 included assumed identities and operational related activities, office administration including management of cash, rehabilitation, performance development and activities related to staff engagements.

## Audit Committee operations

In accordance with responsibilities under section 46 of the *Financial Management and Accountability Act 1997* (FMA Act), the CEO has established and maintains an independent Audit Committee.<sup>12</sup>

The Audit Committee's authority is established under its Charter, which sets out the committee's functions and responsibilities.

The Audit Committee endorses the ACC Internal Audit Charter, approves the annual audit plan, reviews progress against the plan and considers all audit reports. It also monitors implementation of all internal and external audit recommendations and takes a keen interest in progress of recommendations arising from other review activity, including from the Australian National Audit Office and Commonwealth Ombudsman. The Audit Committee also provides advice on matters of concern raised by internal auditors or the Auditor-General and advises the CEO on the preparation and review of the ACC's financial statements and certificate of compliance.

As at 30 June 2014, the Audit Committee comprised two independent external members and three members of the ACC Executive. The Audit Committee met five times during the year and reviewed such areas as financial performance, compliance, integrity, risk management, Australian National Audit Office activity and internal audit coverage.

## Assumed identities

In accordance with Commonwealth, state and territory legislation, ACC officers and supervised civilians may be authorised to acquire and use assumed identities for the purposes of conducting investigations or gathering intelligence in relation to serious and organised crime, or in associated support or training roles. In practice, the ACC uses the Commonwealth legislation. During the reporting period, as required under the legislation, we:

- reported to Commonwealth, state and territory ministers
- reviewed the ongoing necessity for each authorised member of staff to continue to use an assumed identity
- conducted the mandatory audits of ACC records.

## Expanding our excellence in compliance strategy

Our excellence in compliance strategy ensures maximum compliance with legislation concerning the use of intrusive powers related to surveillance and telecommunications interceptions.

This year we broadened the scope of this strategy to cover other high risk legislation we use in our work. The excellence in compliance strategy now also applies to controlled operations, assumed identities and examinations.

The benefits of applying the excellence in compliance strategy more broadly include more efficient and effective processes and practices, assurance in relation to compliance with legislation, and the application of—and commitment by staff to—best practice to support internal and external accountability mechanisms and organisational reporting.

## Risk management

The ACC's enterprise risk management framework assists us to make risk-informed decisions which support our work in building a national picture and breaking the business of serious and organised crime, while also meeting our corporate accountabilities.

During 2012–13 we:

- reviewed risk management requirements under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act)
- created a list of key risks for the ACC (based on worst case scenario and value protection)
- redeveloped our Strategic Risk Profile to clearly illustrate our environmental context and demonstrate the analysis behind key risks
- initiated a rolling Strategic Risk Assurance Map to provide visibility over the key controls covering these risks
- instituted an accountability framework of Business Leads and Key Control Owners for key risks
- developed a Forward Work Plan to address key risks and further develop Risk Profiles and Assurance Maps.

<sup>12</sup> From 1 July 2014, the committee will monitor performance in line with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) which replaces the FMA Act.

Our increasing risk maturity and stronger risk management processes under the PGPA Act will ensure appropriate risk and control systems that support the achievement of our strategic aims.

We maintain a Sister Agency Risk Forum consisting primarily of representatives from Board member agencies who contribute their experience and knowledge of contemporary and better practice as it applies in our shared operating environment.

Our Risk Function is represented on the Audit Committee and maintains a close working relationship with Internal Audit. This ensures strategic alignment and increases efficiencies and effectiveness.

## Integrity and security

The ACC is entrusted with special powers to enable us to effectively work with our partners to combat serious and organised crime in Australia.

Integrity and security are critical for the use of these powers and in delivering our required outcome to Government, our partner agencies and more broadly to the public. Our integrity and security framework enables us to measure the high standard of conduct and integrity from all ACC staff.

A key objective for establishing a strong ethical culture is to identify, understand and manage the fraud and corruption risks we face as an agency. We are achieving a positive, values-based culture by encouraging reporting, strong communications, an education program and prevention activities relating to ethics, fraud, corruption and security.

During 2013–14, our integrity and security teams focused on:

- supporting early intervention
- developing collaborative approaches to dealing with unacceptable workplace behaviours
- emphasising best practice and good governance
- using risk management to guide protective security
- encouraging internal and external reporting of suspected integrity/security related incidents
- enhancing capabilities of our integrity and security teams.

To engender and maintain the right ethical culture within the ACC, our multi-faceted approach in 2013–14 included:

- **Detection program**—We developed a fraud and corruption detection program involving audits scheduled throughout the year, targeting high risk activities.
- **Integrity testing**—We participated in a joint working group to develop policy and procedures in response to the inclusion of integrity testing legislation in the *Crimes Act 1914*.
- **Public interest disclosures**—We established a framework to facilitate and manage disclosures under the *Public Interest Disclosure Act 2013*.

In addition, our approach included ongoing initiatives:

- **Personnel security**—In addition to coordinating security clearance actions through the Australian Government Security Vetting Agency for all our staff, we maintain a rigorous pre-employment screening process to ensure all potential employees are suitable to access ACC information and systems. Our process is strengthened by a psychological evaluation, which is an additional layer of risk mitigation to ensure the suitability of new staff.
- **National Induction Program**—We include integrity and security sessions for all new ACC employees to ensure understanding of ACC values and ethics and protective security requirements.
- **Online learning**—eLearning modules for Misconduct, Fraud and Corruption, and Security Awareness are compulsory for all ACC staff.
- **Communications**—Strong internal communications on ethics, fraud, corruption and protective security are available to all staff through our intranet, face-to-face awareness sessions and corporate newsletters. We underpin this with policies, procedures, more detailed intranet pages, fact sheets and posters.
- **Reporting**—We encourage reporting about potential issues of concern. Members of the public can make complaints through the email address on our website. ACC staff can raise concerns directly with our Integrity Assurance Team, Security Team or through their manager.

We emphasise to our staff the importance of reporting through awareness training, induction, policies and on our intranet.

- **Conflict of interest declarations**—Management of real or perceived conflict of interest is a high priority, and all staff must declare any conflicts of interest, gifts and benefits and outside paid, unpaid or voluntary work, to enable the ACC to effectively manage any potential conflict.
- **Investigation of inappropriate behaviour**—We investigate alleged fraud, corruption, suspected breaches of the Code of Conduct, security incidents and security breaches.
- **Corruption issues**—We notify corruption issues to the Integrity Commissioner, Australian Commission for Law Enforcement Integrity, and maintain regular liaison on integrity matters.

Our work also includes ongoing research and monitoring of broader national and international compliance measures and initiatives in the area of ethics, integrity and security.

### Integrity assurance

Our Integrity Assurance Team is dedicated to the prevention, detection and investigation of misconduct, fraud and corruption in the ACC. We received three internal disclosures under the Public Interest Disclosure Scheme. One investigation was completed under the *Public Interest Disclosure Act 2013* (PID ACT) and an investigation then commenced under the *Public Service Act 1999*. As at 30 June 2014, two disclosures under the PID Act remained under investigation.

### Misconduct

The ACC had no carry-over misconduct cases from the previous reporting year from external sources.

During the year the Integrity Assurance Team received 14 referrals alleging ACC staff had breached the Australian Public Service Code of Conduct.

As at 30 June 2014:

- three of the referrals remain under assessment or investigation
- seven of the referrals were deemed not to require a formal investigation, following an assessment or preliminary investigation
- one was discontinued due to the employee resigning
- two were substantiated
- one resulted in no finding.

### Fraud and corruption

The ACC's *Fraud and Corruption Control Plan 2013–15* complies with Commonwealth Fraud Control Guidelines 2011 and outlines ACC-specific fraud prevention, detection, investigation, reporting and data collection policies and procedures.

Where a fraud or corruption is suspected, the matter may be subject to misconduct or criminal investigation, or both. If sufficient evidence is found to support a criminal offence, the matter may be referred to the Commonwealth Director of Public Prosecutions for consideration of criminal prosecution.

During the year, the Integrity Assurance Team received no fraud allegations. One misconduct allegation was referred to the Australian Commission for Law Enforcement Integrity (ACLEI) regarding a potential corruption issue relating to current or former ACC staff, and as at 30 June 2014 this remained under assessment. One carry-over case from the previous reporting year remains open as an ACLEI investigation.

## Misconduct, fraud and corruption allegations received in 2013–14

	Received	Referred to ACLEI under the <i>Law Enforcement Integrity Commissioner Act 2006</i>	Open	Finalised	
				Unsubstantiated	Substantiated
Externally referred	0	0	0	0	0
Internally referred	14*	1	3	8	2
<b>TOTAL</b>	<b>14*</b>	<b>1</b>	<b>3</b>	<b>8</b>	<b>2</b>

\* One misconduct matter was referred to ACLEI regarding a potential corruption issue relating to current or former ACC staff.

### Broader corruption prevention activities

Addressing corruption risk and integrity remains an area of focus for the ACC as we seek to understand the changing threat and risk and adapt our strategies accordingly.

We are well connected with the broader anti-corruption environment. We participate in the ACLEI *Community of Practice for Corruption Prevention*. This network of integrity professionals—from the agencies under ACLEI’s jurisdiction—shares best practice strategies in detecting and deterring corrupt conduct and participates in discussions on key or emerging issues.

We are committed to deterring and preventing corruption by organised crime wherever it occurs. Where requested and as appropriate, we assist ACLEI with its investigations. This includes providing specialist services including surveillance as agreed though our Memorandum of Understanding with ACLEI.

In January 2014, we commenced an intelligence project to support Taskforce Pharos, which the Australian Customs and Border Protection Service (ACBPS) CEO Michael Pezzullo initiated in November 2013. Taskforce Pharos was established to identify hard-to-detect corruption within the ACBPS.

The ACC, in conjunction with ACLEI and ACBPS representatives, is supporting Taskforce Pharos by drawing on the specialist information and systems made available via Fusion. Further, on 30 occasions we provided intelligence to partners, relating to specific or general corruption threats.

In addition, members of our Integrity Assurance Team represent the ACC on the Australian Public Service Ethics Contact Officer Network. This network is facilitated by the Australian Public Service Commission and plays a key role in supporting the ongoing work of the Ethics Advisory Service. This includes promoting the Government’s ethical agenda, which focuses on enhancing ethics and accountability in the Australian Public Sector.



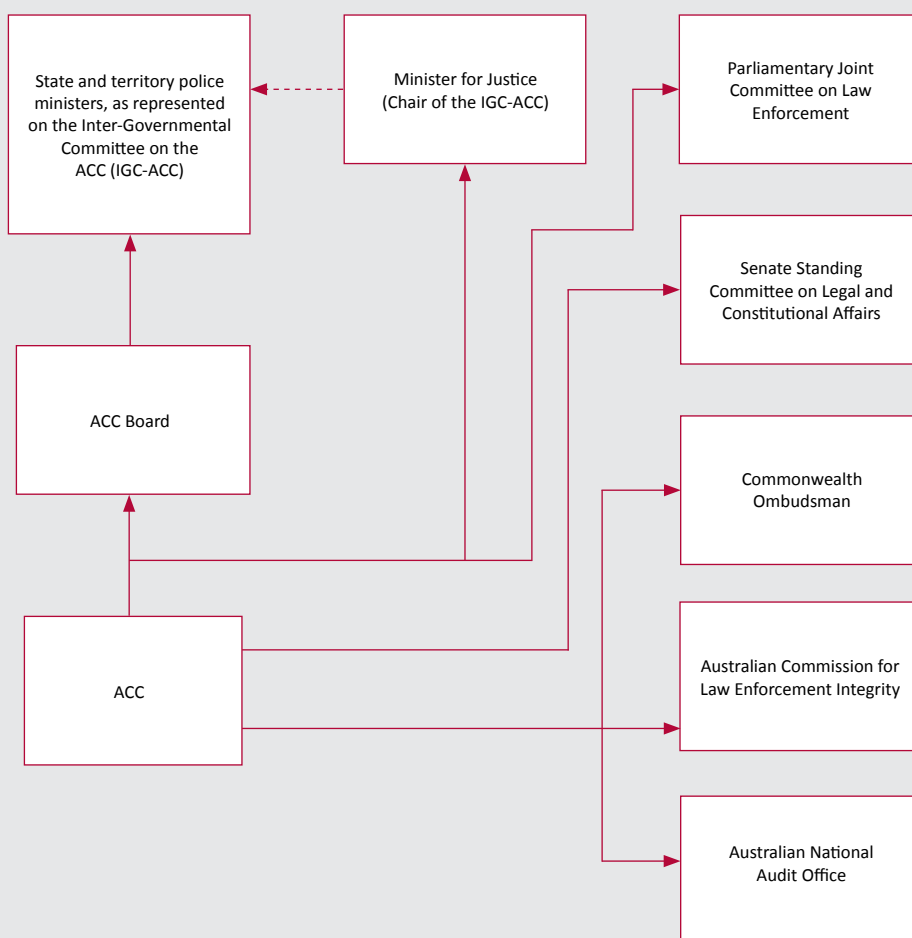
# External scrutiny

The ACC is accountable to the Minister for Justice and is part of the Attorney-General's portfolio.

External scrutiny also includes the ACC Board, the Inter-Governmental Committee on the ACC consisting of Commonwealth, state and territory police ministers, and the Parliamentary Joint Committee on Law Enforcement.

The Commonwealth Ombudsman, Australian Commission for Law Enforcement Integrity and the Australian National Audit Office also form part of our external scrutiny framework.

## ACC external accountability



## Minister for Justice

The ACC falls within the portfolio of the Minister for Justice.

The Hon Michael Keenan MP was appointed as Minister for Justice and sworn in on 18 September 2013. Mr Keenan previously held the position of Shadow Minister for Justice, Customs and Border Protection from December 2009 to September 2013.

During the year, we established a strong working relationship with the minister through regular briefings and discussions about our performance and priorities, governance and administrative matters.



Minister for Justice, the Hon Michael Keenan MP.

## Parliamentary Committees

We made submissions to, or appeared before, numerous parliamentary committees in 2013–14 including the:

- Joint Select Committee on Cyber Safety: *Inquiry into Cybersafety for Senior Australians*
- Senate Economics References Committee: *Inquiry into the Performance of the Australian Securities and Investments Commission*
- Legal and Constitutional Affairs Committee: *Inquiry into the Comprehensive review of the Telecommunications Interception and Access Act 1979*
- Legal and Constitutional Affairs Committee: *Crimes Legislation Amendment (Unexplained Wealth and Other Measures Bill) 2014*
- Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity: *Inquiry into the jurisdiction of the Australian Commission for Law Enforcement Integrity*
- Parliamentary Joint Committee on Law Enforcement: *Examination of the Annual Report of the Australian Crime Commission 2012–13*
- Parliamentary Joint Committee on Law Enforcement: *Inquiry into financial related crime*
- Senate Education and Employment Committee: *Inquiry into the Government's approach to re-establishing the Australian Building and Construction Commission*
- Standing Committee on Indigenous Affairs: *Inquiry into the harmful use of alcohol in Aboriginal and Torres Strait Islander communities*
- Victorian Parliamentary Committee on Law Reform, Drugs and Crime Prevention: *Inquiry into the supply and use of methamphetamines, particularly 'ice', in Victoria.*

We also appeared before the Senate Standing Committee on Legal and Constitutional Affairs at Supplementary Senate Estimates in November 2013, Additional Senate Estimates in February 2014, and Budget Senate Estimates in May 2014. Following each Estimates hearing, we answered questions on notice and additional questions on notice from members of the Committee. The Hansard transcripts of ACC appearances and responses to questions on notice are available on the Committee website.

### Parliamentary Joint Committee on Law Enforcement

At the time of reporting, the Parliamentary Joint Committee on Law Enforcement consisted of nine members. Usually the Committee is made up of five members from the Senate (appointed by the Senate) and five members from the House of Representatives (appointed by the House). The Committee meets as required.

On 30 June 2014, the members of the Parliamentary Joint Committee on Law Enforcement were:

- Mr Bert van Manen MP (Chair)
- Senator the Hon Lisa Singh (Deputy Chair)
- Senator Sean Edwards
- the Hon Justine Elliot MP
- Senator Mark Furner
- Mr Russell Matheson MP
- Senator Stephen Parry
- Ms Maria Vamvakinou MP
- Mr Jason Wood MP.

The duties of the Committee are:

- To monitor and to review the performance by the ACC and Australian Federal Police (AFP) of their functions.
- To report to both Houses of the Parliament, any matters relating to the ACC or AFP or their performance of which the Committee thinks the parliament should be aware.

- To examine the annual reports of the ACC and AFP and report to Parliament on any matter appearing in, or arising out of, any such annual report. Under section 55(c) of the ACC Act the Committee is required to examine each annual report of the ACC. This is usually done through a public hearing.
- To examine trends and changes in criminal activities, practices and methods and report to Parliament any change which the Committee thinks desirable to the functions, structure, powers and procedures of the ACC or the AFP.
- To make inquiries into issues, within its area of responsibility, raised by the Parliament and report back.

### Inter-Governmental Committee on the ACC

The Inter-Governmental Committee on the ACC is established under section 8 of the ACC Act.

The Committee monitors our work, and strategic direction and work of the ACC Board, including the use of coercive powers. The Committee has the authority to revoke a determination (an ACC Board approved work priority).

The Inter-Governmental Committee on the ACC comprises the Commonwealth Minister for Justice and a minister to represent each state and territory government, nominated by the Premier or Chief Minister of the state or territory. The Committee meets twice each calendar year.

The Committee has the following functions:

- To monitor generally the work of the ACC and the Board.
- To oversee the strategic direction of the ACC and the Board.
- To receive reports from the Board for transmission to the governments represented on the Committee and to transmit those reports accordingly.

As at 30 June 2014, the members of the Inter-Governmental Committee on the ACC were:

- the Hon Michael Keenan MP (Minister for Justice) (Chair)
- the Hon Stuart Ayers MP (New South Wales)
- the Hon Kim Wells MP (Victoria)
- the Hon Rene Hidding MP (Tasmania)
- the Hon Tony Piccolo MP (South Australia)
- the Hon Liza Mary Harvey MLA (Western Australia)
- the Hon Adam Giles MLA (Northern Territory)
- the Hon Jack Dempsey MP (Queensland)
- Mr Simon Corbell MLA (ACT).

## ACC Board

The ACC Board is established by section 7B of the ACC Act and is responsible for providing strategic direction to the ACC, setting strategic priorities for the ACC and approving the use of the ACC's special powers.

In setting the ACC's strategic direction, the Board is able to fuse together state, territory and Commonwealth interests and provides a significant platform from which to operate collaboratively with our partners.

The Board considers a range of issues at each meeting, including assessing the overall performance of key areas of ACC work. The Board also plays an active role in addressing strategic issues faced by the ACC and in authorising or identifying key areas of new work that we should pursue.

The Board comprises:

- Commissioner of the Australian Federal Police (Chair)
- Secretary of the Commonwealth Attorney-General's Department
- CEO of the Australian Customs and Border Protection Service
- Chairperson of the Australian Securities and Investments Commission



Chair of the ACC Board, Tony Negus APM.

- Director-General of Security, Australian Security Intelligence Organisation
- Commissioner of Taxation, Australian Taxation Office
- Commissioners of all state and territory police forces
- Chief Police Officer of ACT Policing
- CEO of the ACC (as a non-voting member).

## Chair's annual report

Details of ACC Board meetings and the Chair's report on the ACC's operations are contained in the separate *Australian Crime Commission Chair Annual Report*, which is tabled separately as soon as practicable after 30 June and fulfils the reporting requirements of the ACC Act.

## Board decisions and considerations

As shown in the following table, in 2013–14 the Board considered new determination authorisations, in effect superseding the existing nine authorisations and adding a new special operation targeting outlaw motor cycle gangs.

## ACC Board authorisations 2013–14

Determination	Type	Decision type (month/year)	Current until
High Risk and Emerging Drugs No. 2	Special Operation	Establishment (September 2013)	30 June 2016
National Security Impacts from Serious and Organised Crime No. 2	Special Operation	Establishment (September 2013)	30 June 2016
Making Australia Hostile to Serious and Organised Crime No. 2	Special Operation	Establishment (September 2013)	30 June 2016
Indigenous Violence or Child Abuse No. 3	Special Operation	Establishment (September 2013)	Closed 30 June 2014
Outlaw Motor Cycle Gangs	Special Operation	Establishment (September 2013)	30 June 2016
Child Sex Offences No. 2	Special Operation	Establishment (September 2013)	30 June 2016
Highest Risk Criminal Targets No. 2	Special Investigation	Establishment (September 2013)	30 June 2016
Targeting Criminal Wealth No. 2	Special Investigation	Establishment (September 2013)	30 June 2016
Highest Risk Criminal Targets—Victoria	State Special Investigation	Establishment (September 2013)	30 June 2016
Highest Risk Criminal Targets—South Australia	State Special Investigation	Establishment (September 2013)	30 June 2016
Eligo National Task Force	Task Force	Extension (June 2014)	30 June 2015
Attero National Task Force	Task Force	Extension (June 2014)	30 December 2014

As shown in the table below, three ACC Board authorisations were closed on 30 June 2014.

## Previous ACC Board authorisations

Determination	Type	Decision type (month/year)	Current until
Task Force Galilee	Task Force	Extension (June 2012)	30 June 2014
Indigenous Violence or Child Abuse No. 2	Special Intelligence Operation	Extension (June 2012)	30 June 2014
National Indigenous Violence or Child Abuse Task Force	Task Force	Extension (June 2012)	30 June 2014

In addition, in 2013–14 the Board:

- maintained its general ongoing oversight of the operations of the ACC
- reviewed progress of key ACC activities
- considered the ACC's 2014 *National Criminal Target Report* and the *Organised Crime Threat Assessment* noting the strategic value of these products to the Australian law enforcement community
- considered an overview of the Australian Customs and Border Protection Service Blueprint for Reform
- considered the lessons learnt from the National Organised Crime Task Force
- considered strategic issues including proposed legislative amendments to the *Telecommunications (Interception and Access) Act 1979*, with a specific focus on data retention
- considered options for the longer-term future of the Australian Criminal Intelligence Database and Australian Law Enforcement Intelligence Network.

During the reporting year the Board welcomed Assistant Commissioner Rudi Lammers APM, Chief Police Officer, ACT Policing.

## Australian Commission for Law Enforcement Integrity

The ACC's primary integrity/accountability body is the Australian Commission for Law Enforcement Integrity (ACLEI). It was established in 2006 through the enactment of the *Law Enforcement Integrity Commissioner Act 2006* to prevent, detect and investigate corruption issues in a number of agencies including the ACC and the former National Crime Authority where necessary.

Under this Act, the ACC's CEO is required to notify the Integrity Commissioner of corruption issues that relate to the ACC. While the decision to notify the Integrity Commissioner rests with the CEO, the ACC and ACLEI work collaboratively at officer level and cases are discussed to assess whether there should be a notification.

During 2013–14 the ACC notified ACLEI of one corruption issue. As at 30 June, this case had not been finalised.

## Commonwealth Ombudsman

The Commonwealth Ombudsman inspects the ACC's controlled operations, surveillance devices and telecommunications interception records.

In 2013–14, the Ombudsman made no recommendations in relation to completed inspections.

In its final inspections reports, and in a letter to our CEO, the Ombudsman acknowledged the ACC for continually displaying a high level of commitment to compliance and for the positive working relationship regarding inspections.

## Australian National Audit Office

### Management of physical security

This year the Australian National Audit Office conducted a cross agency audit on management of physical security. This review examined three agencies including the ACC. The audit assessed management of physical security against 16 mandatory Protective Security Policy Framework requirements for physical security and governance. We were assessed as compliant with seven of these requirements and partially compliant against the remaining nine. There were two recommendations to strengthen the design and application of physical security assurance and monitoring activities, and security risk management practices. The ACC has agreed to these recommendations, noting that our security policy and plans reflect the outcome of security risk assessments and are updated when required, and that we will review our security risk management process to ensure it aligns with Protective Security Policy Framework requirements.

### Establishment and use of multi-use lists

The ACC was included in a second cross-agency audit this year, which assessed the establishment and use of multi-use lists, to support value for money, efficiency and effectiveness in procurement. The audit examined policies and practices related to 16 multi-use lists and related procurements valued at over \$80 000 across a number of agencies. It found the use of multi-use lists was, to varying degrees, not fully effective in satisfying the procurement principles, which encourage fair and open competition. Issues identified included approaching too few suppliers and not treating suppliers consistently. There were two recommendations to improve agency procurement practices. We agreed to the recommendations and have made changes to ensure the accuracy and timeliness of our reporting of contract information. We are also reviewing our procurement framework and guidance material, to be followed by a training and awareness program.

## Freedom of information

The ACC is subject to the *Freedom of Information Act 1982* (FOI Act). Agencies subject to the FOI Act are required to publish information to the public as part of the Information Publication Scheme. The requirement is in Part II of the FOI Act and replaces the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the Information Publication Scheme requirements.

We complied with the requirements as they apply to our agency through establishing FOI pages on our website and intranet, publishing our Information Publication Plan, responding to the Information Publication Scheme, training our staff, providing templates for public requests for information and maintaining document registers outlining ACC information holdings regarding statutory requirements of the FOI Act.

Although we are no longer required to include a section 8 statement, we have chosen to do so again this year and it is at Appendix D on page 216.

## Judicial decisions

The ACC's actions are often reviewed by courts. This may occur in the context of applications in the Federal Court for judicial review under the *Administrative Decisions (Judicial Review) Act 1977* (ADJR Act) or section 39B of the *Judiciary Act 1903*, or as part of the criminal justice process, such as in a contested subpoena or application for a stay of criminal proceedings.

In 2013–14 the ACC was involved in a range of matters including prosecutions where the grounds for stay applications were claims that the conduct of ACC examinations and dissemination of ACC examination material adversely affected the accused's right to a fair trial, or the proper administration of justice.

### X7

*X7 v ACC and Commonwealth of Australia* (No. S100 of 2012) was an application in the original jurisdiction of the High Court for declaratory and injunctive relief. The background to the case was the examination of the plaintiff by an ACC Examiner

after he had been charged with serious criminal offences. The plaintiff sought a declaration that, to the extent the ACC Act permits a coercive hearing of a person charged, it is unconstitutional, and sought injunctions restraining the ACC from examining X7 before his criminal charges were finalised.

The plaintiff argued that it is unconstitutional for the Legislature to vest in the executive a power, which in his argument, should rightly reside with the judiciary alone. Further, he argued that once a person is charged with a serious criminal offence, the executive cannot conduct a coercive hearing in respect of those charges because to do so would fundamentally interfere with the interests of justice.

On 26 June 2013, a majority of the High Court held that as a matter of statutory construction the ACC Act did not authorise an Examiner to require a person charged with an indictable Commonwealth offence to answer questions about the subject matter of the offence. The majority of the Court did not consider the constitutional arguments raised. The ACC has adjusted our practices to abide by the majority's decision and we have undertaken steps to ensure that issues associated with prior examinations have been reviewed and appropriately addressed/managed.

## CB

On 30 June 2011 the District Court in New South Wales granted a permanent stay of the trial of an accused (referred to as CB) on a charge of conspiracy to manufacture a commercial quantity of a controlled drug, contrary to section 11.5 and 305.3 of the *Criminal Code Act 1995*. The basis of the judge's decision was that after the accused was charged, he was summonsed and examined by the ACC about the subject matter of the charge pending against him, and that holding an ACC examination in the circumstances interfered with the criminal trial process. The Commonwealth Director of Public Prosecutions appealed the primary judge's decision to grant a permanent stay of the CB's trial.

The Court of Criminal Appeal, in an unpublished judgment, allowed the appeal, finding that there had been no interference with the administration of justice. CB sought special leave to appeal against the decision to the High Court, but on 22 June 2012 that leave was refused. CB then commenced proceedings in the original jurisdiction of the High Court (*CB v Australian Crime Commission & Anor*, s297/2012)

and those proceedings (and the criminal trial) were halted to await the decision of the Court in X7. Following the High Court's decision in X7, CB unsuccessfully applied to re-open this Special Leave application. On 12 December 2013, their Honours indicated that the Criminal Court of Appeal decision was not affected by the subsequent decision in X7 and there was no question warranting the re-opening of the appeal.

## R v Seller and R v McCarthy

In the matters of *R v Seller and R v McCarthy*, heard together in the Supreme Court of New South Wales, the defendants were charged with fraud and corruption offences. The defendants sought, and were granted, a permanent stay of the criminal trials on the grounds that their right to conduct their defence was compromised by the dissemination of the transcripts of ACC examinations to the Commonwealth Director of Public Prosecutions, claiming that the circumstances of the case brought the system of justice into disrepute and constituted an abuse of the processes of the court. With leave of the Court, the ACC argued that derivative use of ACC examination material is permitted under the ACC Act, and there can be no interference with the course of justice as all examinations took place before charge. Judgment in favour of the defendants was handed down on 17 August 2012.

The Commonwealth Director of Public Prosecutions appealed the decision and on 1 March 2013 the New South Wales Court of Criminal Appeal delivered judgment in favour of the Commonwealth. The Court found that a stay of proceedings should only be granted in the most extreme cases, and where there is prejudice the trial judge will be able to remedy it in most cases by excluding evidence.

On 2 April 2013 Seller and McCarthy both filed applications for leave to appeal to the High Court, claiming that the New South Wales Court of Criminal Appeal mistakenly re-instated the proceedings. Counsel for both Seller and McCarthy sought to rely on X7 in support of the notion that disclosure of the examination transcripts to the Commonwealth Director of Public Prosecutions constituted such an inroad into the accusatorial process that it amounted to actual prejudice and warranted a stay of prosecution. The Court rejected these arguments, finding that the New South Wales Court of Criminal Appeal was not in error when it concluded that



there was no evidence that the trial would suffer a fundamental defect warranting a stay, and there was no point of legal principle arising which would warrant the consideration of the High Court. The two applications were dismissed.

The trials will resume in late 2014, and further arguments are expected to be heard in relation to the use and communication of ACC examination material.

### Bartlett, Sayers and Grace and Dunn

The prosecution of Bartlett, Sayers and Grace and Dunn was a prosecution arising from the Wickenby investigation and, like the Seller and McCarthy proceedings, raised issues of derivative use of ACC Act examination information and prosecutorial disclosure of examination material prior to charge. In a pre-trial application three of the defendants applied for a stay of their prosecutions. Initially they relied on the same arguments as Seller and McCarthy, asserting that the non-publication direction permitted disclosure to the prosecution that prejudiced the fairness of their trial. They further argued that the High Court's decision in *X7* was equally applicable to a case where a person may be charged with an offence and therefore the ACC examinations should not have proceeded. On 15 August 2013, Heenan J of the Supreme Court of Western Australia dismissed the applications for a permanent stay of the prosecutions of each of the accused in his decision of *Bartlett v The Queen* [No. 6] (2013) WASC 304. His Honour held that it was the absence of any reference to any tangible evidence or any use of particular evidence as a form of potential prejudice that left the applicants' submissions without foundation. Dunn was subsequently convicted, Grace was acquitted, and the jury was unable to reach a verdict in relation to Bartlett and Sayers. The trials resumed early in 2014.

### Lee

While not an ACC matter, the recent High Court decision of *Lee* has potential implications for the way the ACC conducts coercive examinations of persons who have not been charged. This matter involved the pre-trial examination of the two appellants by the New South Wales Crime Commission under the *New South Wales Crime Commission Act 1985* (NSW). The appellants were subsequently charged and convicted with drug supply, firearm and money

laundering offences. At examination, the questioning traversed matters connected with the offences with which the appellants were subsequently charged. In preparing for the trial of the appellants, the Office of the Director of Public Prosecutions (NSW) requested the examination transcripts from the New South Wales Crime Commission on the basis that the examination material may disclose a possible defence(s) and would therefore be useful to the prosecution. In the High Court, the appellants appealed their convictions for drug and firearm offences. On 21 May 2014, in a unanimous judgment, the High Court held that the appellants had not received a fair trial because confidential transcripts of their compulsory examinations before the New South Wales Crime Commission had been unlawfully given to Office of the Director of Public Prosecutions (NSW) to assist it to prepare the prosecution's case. The prosecution conceded that, in the circumstances of the particular case, the disclosure to the prosecution was unlawful, and the High Court held that this was a fundamental departure from the requirements of the accusatorial trial and resulted in a miscarriage of justice.

## Contempt of the ACC

The ACC's powers to refer a witness for contempt were introduced into the ACC Act in February 2010. Examiners have the power to apply for a witness to be dealt with for contempt of the ACC in certain circumstances. These applications are heard in either the Federal Court or relevant state or territory Supreme Court.

There were no finalised proceedings for contempt of the ACC in 2013–14. The ACC has two contempt matters which were before the courts at the time of writing this report. Both of these matters involve charges for contempt under section 34(a)(ii) of the ACC Act.

## Legislative change

There were no significant changes to ACC legislation during the reporting period. Consequential amendments to the ACC Act came into effect on the commencement of the *Privacy Amendment (Enhancing Privacy Protection) Act 2012* (12 March 2014) and the *Public Governance, Performance and Accountability Act 2013* (1 July 2014, just after the reporting period). These did not alter the powers or functions of the ACC.

# Our people

We are a relatively small, niche agency. As at 30 June 2014 we had a staff of 562 (Australian Public Service employees and statutory office holders) supplemented by 43 secondees from Commonwealth, state and territory law enforcement and other Commonwealth agencies.

Our workforce includes investigators and intelligence analysts, professional human source case managers,

financial profilers, operational and organisational psychologists, physical and technical surveillance operatives, technical and cyber analytics operatives, strategic and vulnerability assessment analysts, lawyers, specialist examinations staff, and corporate services staff.

We also work with secondees as part of multi-agency task forces and engage contractors and consultants.

## Staffing profile as at 30 June 2014

Status	No. of staff as at 30 June 2014	No. of full-time equivalent (FTE) staff as at 30 June 2014	Average staff level during 2013–14
APS employees Statutory office holders (CEO and Examiners)	562	532.98	531.57
Secondees funded by the ACC	23	n/a	n/a
Secondees funded by jurisdictions	20	n/a	n/a
<b>Total core staff</b>	<b>605</b>		
Task force members	46	n/a	n/a
Contractors and consultants	11	n/a	n/a
<b>Total overall staff</b>	<b>662</b>		

\* Note: This is the number of secondees as at 30 June 2014. However, as secondees work with us for different periods of time throughout the year, the overall total of secondees for 2013–14 was 78.

## Secondees and task forces

■ **Secondees**—We supplement our staffing with secondees from other agencies. Throughout the reporting year we hosted a total of 78 secondees from 17 other agencies. In recent years we have had more secondees from Commonwealth agencies than from traditional law enforcement partners. Such agencies include the Australian Taxation Office, the Australian Customs and Border Protection Service, and the Department of Immigration and Border Protection. This reflects the increased diversity of our work to meet the increasing diversity of organised criminal activity.

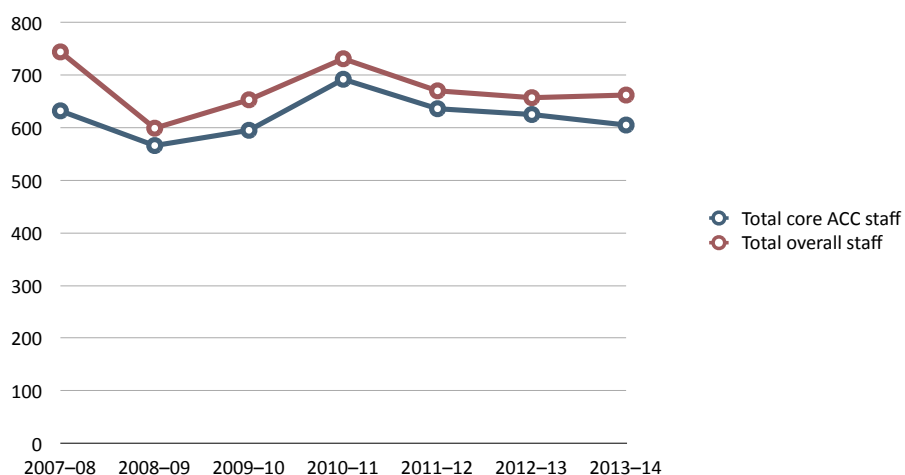
■ **Task forces**—We coordinate and participate in joint task forces with partner agencies. On 30 June 2014, we had 46 people from other agencies working at the ACC as task force members.

A breakdown of secondees and task force staff by home agency and jurisdiction is in Appendix F on page 220.

## Staffing profile trends 2007-08 to 2013-14

Headcount as at 30 June	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
APS and statutory office holders	573	518	546	628	598	584	562
Secondees funded by the ACC	47	24	29	45	23	21	24
Secondees funded by other jurisdictions	12	24	20	19	15	20	19
<b>Total core staff</b>	<b>632</b>	<b>566</b>	<b>595</b>	<b>692</b>	<b>636</b>	<b>625</b>	<b>605</b>
Task Force members	44	26	37	18	13	21	46
Contractors	68	7	21	21	21	11	11
<b>Total overall staff</b>	<b>744</b>	<b>599</b>	<b>653</b>	<b>731</b>	<b>670</b>	<b>657</b>	<b>662</b>
Full-time equivalent (APS only)	554.21	499.73	526.8	606.61	565.21	553.94	532.98
Average staffing level (APS only)	n/a	n/a	n/a	n/a	556.29	553.35	531.57

## Staffing profile trends as at 30 June 2007-08 to 2013-14



## Location

During the year, we worked out of nine locations around the country.

### APS employees and statutory office holders by location as at 30 June

Location	2012–13	2013–14
Sydney	132	130
Canberra	186	182
Melbourne	119	111
Brisbane	81	76
Adelaide	38	37
Perth	25	24
Alice Springs	2	1
Darwin	1	1

Note: A secondee (not an APS employee) staffed our ninth location, Hobart.

A breakdown of classifications in our different locations is in Appendix F on page 220.

## Full-time/part-time

Most staff worked full-time, with around 13.5 per cent working part-time/casual hours.

### APS employees by full-time/part-time as at 30 June

Employment capacity	2012–13	2013–14
Full-time	509	486
Part-time	75	75
Casual	0	1

A breakdown of employment capacity by location is in Appendix F on page 220.

## Classification levels

We have 11 different classification levels including APS 2–6, Executive Levels 1 and 2 (EL 1 and EL 2), Senior Executive Service bands 1 and 2 (SES 1 and SES 2), and our CEO and Examiners, who are statutory office holders.

### APS employees by classification level as at 30 June

Classification level	2012–13	2013–14
APS 2	3	3
APS 3	40	35
APS 4	77	81
APS 5	82	81
APS 6	89	87
EL 1	187	190
EL 2	86	69
SES 1	9	6
SES 2	2	3
CEO	1	1
Examiners	8	6

A breakdown of classifications in our different locations is in Appendix F on page 220.

## Gender

This year, women comprised 48.9 per cent of our organisation. There are more women than men at classification levels APS 2–6, but more men than women at the EL 1, EL 2 and SES levels. In particular, our EL 1 level includes many technical and specialist roles in investigations and surveillance. We mainly recruit experienced law enforcement personnel for these roles and, based on current recruitment outcomes, it may take some time to achieve equal representation in this area.

Representation of women at the EL and SES levels decreased slightly this year (by 3.6 per cent). On 30 June 2014, we had 33 per cent women SES, below the 39.5 per cent of women SES across the broader APS as at 30 June 2013, as reported in the *State of the Service Report 2012–13*.

### APS employees by gender as at 30 June

Gender	2012–13	2013–14
Male	302	287
Female	282	275

A breakdown of gender distribution by classification is in Appendix F on page 220.

## Age

The ACC's age profile includes strong representation in all five-year age brackets, which range from under 20 to over 65 years of age.

## Cultural diversity

More than 23.8 per cent of staff have identified that Australia is not their country of birth and 6.5 per cent do not have English as a first language.

### Reconciliation Action Plan

During the year we began updating the ACC's Reconciliation Action Plan, which includes a commitment to increasing Indigenous employment. Our current identified Indigenous employees are at 1.25 per cent. We are also participating in the Indigenous Australian Government Diploma Program this year.

### Multicultural Plan

Our Agency Multicultural Plan (2013–15), part of the whole-of-government requirement to improve access and equity for Australians from cultural and linguistic diverse backgrounds, commenced on 1 July 2013.

Under this plan we continue to improve how we respond to the needs of Australians from diverse cultural and linguistic backgrounds. The ACC engages directly with people of diverse cultural and linguistic backgrounds through our operations and examination capability. We can provide translation and interpretation services in more than 30 languages and we are the only Australian law enforcement agency that provides a central linguist service. In addition, we continually evolve our understanding of various cultural needs and ensure that relevant ACC officers are equipped with the necessary skills and information.

## Disability

Under the Commonwealth Disability Strategy framework we are required to report on our employer role activities through the Australian Public Service Commission's annual *State of the Service* survey report. This is available at [www.apsc.gov.au/stateoftheservice/index.html](http://www.apsc.gov.au/stateoftheservice/index.html).

A total of 0.9 per cent of ACC staff have identified as having a disability. Our Workplace Diversity Program and Disability Action Plan include strategies to improve this figure, such as awareness-raising and more accurate reporting through self-identification. This is part of our renewed attention to improving workforce participation of people with disability, in line with the objective of the Australia-wide As One: Australian Public Service Disability Employment Strategy.

## Remuneration and benefits

### Workplace agreement

During 2013–14, our *ACC Enterprise Agreement 2011–2014* covered 547 employees (this does not include our substantive SES or Examiners) and provided a range of flexible working arrangements and aligned key ACC conditions with APS-wide conditions. This agreement expired on 30 June 2014. Negotiations for a replacement Enterprise Agreement commenced in August 2014, just outside the reporting period.

### Performance payments

The ACC does not have a system of performance payments. Rather, incremental advancement is available to eligible staff as part of our Performance Development System (see *Performance development* on page 140).

### Non-salary benefits

Non-salary benefits include flexible working arrangements for APS 1–6 officers, time-off-in-lieu arrangements for Executive Level staff, tertiary studies assistance and a comprehensive Performance Development System (see page 140). We also offer free influenza vaccinations, an employee assistance program providing counselling and support for staff and family members, and a reimbursement program for spectacles.

### Salary ranges

Salaries for APS employees range from \$42 231 (APS 1) to \$132 276 (EL 2).

## Salary bands under our Enterprise Agreement 2011–14

Classification level	Salary as at 30 June 2014
APS 1	\$42 231–\$46 675
APS 2	\$48 515–\$53 797
APS 3	\$56 127–\$60 578
APS 4	\$61 694–\$66 987
APS 5	\$68 310–\$72 435
APS 6	\$74 533–\$84 345
EL 1	\$93 968–\$113 288
EL 2	\$117 402–\$132 276

### Executive remuneration

The nature and amount of remuneration for SES officers is determined through the ACC Senior Executive Service Remuneration and Benefits Policy. SES salary increases take into account the complexity of the role, current and previous performance, contribution to corporate goals and values, the financial position of the ACC, comparisons with other SES officers, and the quantum of remuneration relative to other ACC staff.

The ACC uses Common Law Contracts for all SES employees to govern remuneration and entitlements. Details of SES total remuneration are in the financial statements (see page 189).

### CEO and Examiners' remuneration

As our CEO and ACC Examiners are statutory office holders, the Remuneration Tribunal sets their remuneration and entitlements. As at 30 June 2014, the CEO base salary was \$340 480 with a total remuneration package of \$486 400. The ACC Examiner base salary was \$304 640 with total remuneration packages of \$435 200. Part-time Examiners receive a daily rate of \$1383.

## Staff retention and turnover

In 2013–14 a total of 65 staff left the ACC. Reasons included moving to another APS agency, retirement, redundancies and completing non-ongoing contracts. As at 30 June 2014, our retention rate was 88.5 per cent. A breakdown of staff turnover by reason is on page 223 of Appendix F.

Our staff retention strategies include: recognition and performance development; performance feedback and support; learning and development opportunities; mentoring; opportunities for higher duties; involvement in cross directorate projects; short-term transfers to other business areas; and ongoing evaluation of feedback provided through staff surveys and exit surveys.

## Performance development

Our Performance Development System incorporates career planning, individual and team-based learning and development, capability and skills enhancement and regular performance feedback. This system guides our performance management process and assists staff to make strategic links between business goals and key result areas when identifying opportunities for development. In 2013–14, our Performance Development System completion rate was 99 per cent.

Our Performance Development System enables incremental salary advancement. Staff are rated on a scale of one (high performing) to five (unsatisfactory) and are eligible for an incremental increase if they receive a rating of one, two or three and are below the maximum salary for their classification.

Recognising that managers, particularly those new to the role, can lack the time and skills necessary to manage performance as effectively as possible, we have enhanced our performance management framework. This framework draws together representatives from the Human Resources and Organisational Psychology Services areas and includes case management, customised support for managers and a more structured approach providing support for staff. In addition, each case requiring performance management is assigned an experienced case manager who schedules regular meetings to ensure appropriate management and closure of cases.

We provide managers with guidance on the more formal aspects of the performance management process, coaching to maintain appropriate focus on the issues at hand, strategies to manage any anxiety around the process and strategies to contain and address issues that may emerge within teams as a result of individual performance management. Our Organisational Psychology Services area also provides a point of referral for employees for access to appropriate support when necessary.

Supporting documentation succinctly presents essential information including the stages in the performance management process.

### Recognition

The main way we recognise staff is through our Performance Development System and ongoing manager recognition of individuals and teams. In addition, we recognise individuals and teams who make a significant contribution to achieving our goals through a formal CEO Awards program, which includes three major awards:

- The Rod Amery Memorial Team Award—this year presented to the Patrobas team, in recognition of the team's important contribution

to the development of outstanding intelligence and to operational outcomes in relation to tax fraud of national significance under our Targeting Criminal Wealth special investigation.

- The Geoffrey Bowen Memorial Award for exemplary performance by an individual—this year presented to Dr Katie Willis.
- The Sharon Price Memorial Innovation Award for innovative contributions by an individual or team—this year presented to the Information, Dissemination and Request For Information team.

Individuals and teams also received CEO certificates recognising noteworthy contributions, special achievements or meritorious service.

## SPOTLIGHT ON... Improving our disclosure assurance process

Managing our intelligence disclosure is a complex process involving multiple checks to ensure we abide by various requirements. This includes making sure we comply with the ACC Act and any relevant non-disclosure rules. When our disclosures include information from other agencies, we must also comply with their relevant legislation.

Disclosures can only be made by our CEO or delegated to our senior executive—a small group given the relatively small size of our organisation. They must review and record decisions for each disclosure.

This year, our Information, Dissemination and Request For Information team developed an innovative solution to streamline the process, increase efficiency and reduce the associated risk. The team applied a business improvement system to our specific process and legal requirements. The resulting automated system reduces the risk of mistakes when preparing disclosure details and making the final disclosure decision. It tailors the verification and assurance steps to focus on relevant and appropriate information and checks as people work through the process.

The team was awarded the ACC's Sharon Price Memorial Innovation Award for its work.

## Workforce planning

### Building our capability

In our *Strategic Plan 2013–18*, we committed to focusing on two broad areas over the next five years: building our capability and working with partners. To achieve this, we have developed three capability strategies—cyber, financial and international (see page 96).

As well as ensuring we have the necessary capabilities to meet the anticipated challenges of the future, the strategies also support and promote business-as-usual ACC activity—that is, building the national picture, and breaking the business, of serious and organised crime.

### Optimising our workforce

- **Organisational structure**—From 1 July 2013 we adopted our new organisational structure (see page 104). Based on consultation and careful planning, the structure improved alignment of some functions and organisational synergies, balanced against workload. It positions us well for the future to respond to government expectations and deliver on our strategic direction and priorities.
- **Strategic workforce planning framework**—The ACC Strategic Workforce Plan was largely developed over the first six months of 2014. It outlines our current workforce picture as well as different change scenarios that we may face over the next few years. The Workforce Plan articulates our expected workforce capability, capacity and culture requirements over the next five years. It includes action plans for business units that aim to achieve the desired future workforce composition and culture.

### Learning and development

#### Strategies

Our learning and development strategies support capability development in identified priority areas. The objective is to develop a responsive and high performing workforce so we can deliver on our strategic direction and priorities.

#### Approach

Our learning and development activities are based on the 70: 20: 10 development philosophy, which recognises that learning occurs best from 70 per cent experience (on-the-job) blended with 20 per cent from others (coaching and mentoring) and 10 per cent through formal learning opportunities (such as courses).

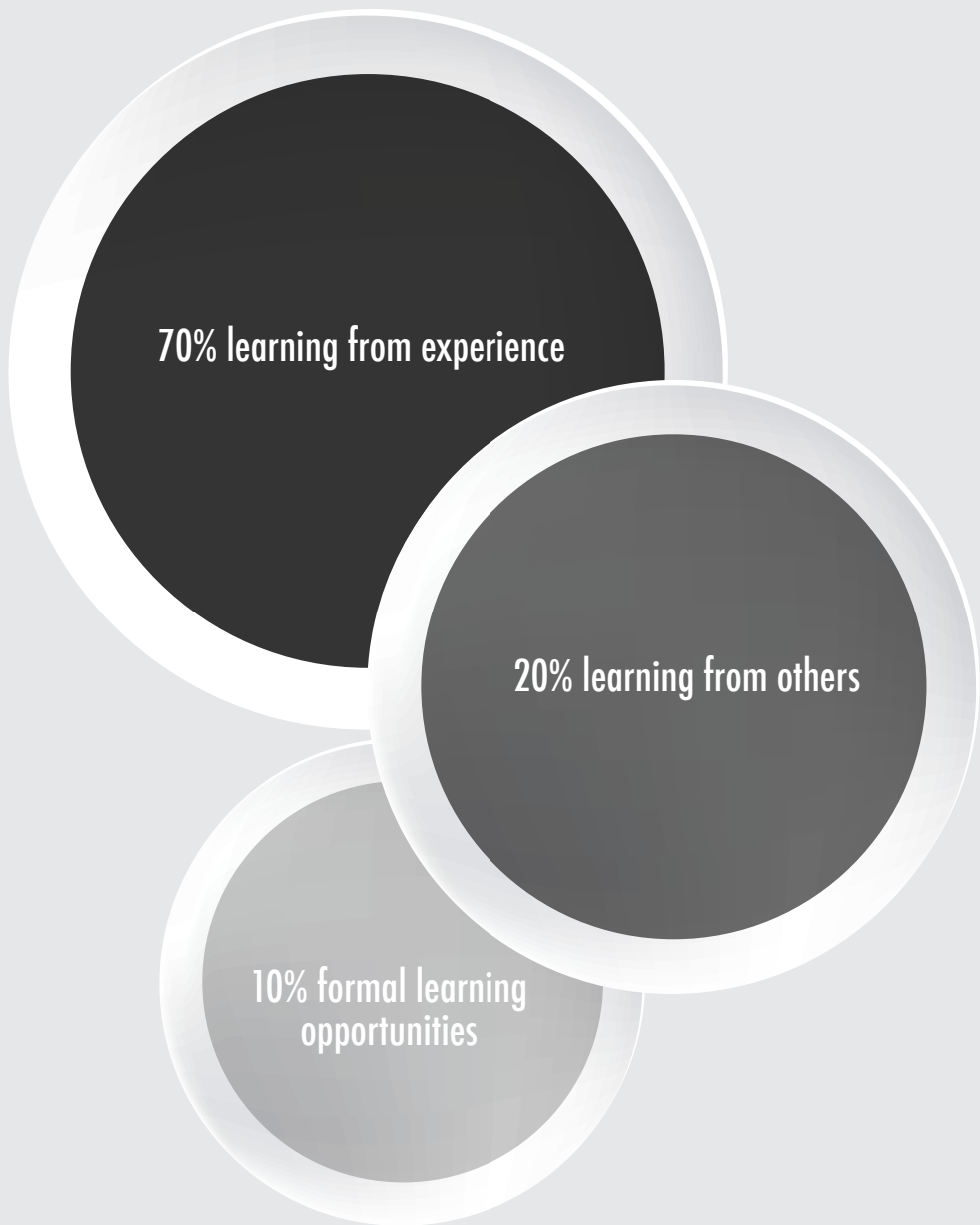
#### Opportunities

We provide learning and development opportunities in three key areas:

- **Core**—We provide learning activities to support culture and fundamental organisational practices for employees to work successfully in the ACC environment. Examples include induction, systems training, procurement awareness training, performance development training, writing and project management courses.
- **Specialist**—We work with internal subject matter experts, partner agencies and tertiary institutions to provide job-specific opportunities to enhance specialist and tradecraft capabilities. Examples include training and qualifications in investigations, compliance, analytics tools, legal awareness/information disclosure, strategic intelligence, interviewing, and telecommunications technology.
- **Leadership management**—We invest in developing our managers and leaders through Executive Level 2 Exercising Leadership Program, Leading Effective Teams program, ACC Mentoring program and executive coaching. We also provide opportunities through external development programs, such as those delivered through the Australian Institute of Police Management, Australian Public Service Commission, National Security College, Australian and New Zealand School of Government, Australian Federal Police, and the Women in Law Enforcement Strategy Mentor Program.



## Learning and development 70: 20: 10 philosophy



### 70% learning from experience

- work assignments
- projects
- problem solving
- job rotation
- higher duties
- stretch assignments
- community involvement
- teach someone else
- research widely
- self-reflection

### 20% learning from others

- coaching
- mentoring
- seek feedback
- observing
- social events
- networks
- professional memberships
- shadowing
- powerful professional development discussions

### 10% formal learning opportunities

- courses
- seminars
- conferences
- ACCelerate online learning
- tertiary study
- self-directed learning



**We are building the capability to deliver on our strategic plan with agility and efficiency.**

## Outcomes

This year ACC staff attended some 2700 training and development opportunities and events including core/business skills, coaching and mentoring, leadership and management, conferences/networking, specialist capability development (cyber, finance and international capability, as well as information and communications technologies, intelligence, investigations, psychology and media), induction and compliance. For example:

- Our Executive Level 2 Leadership Program provided our managers and specialists with an opportunity to network, understand their role in managing our vision, purpose and culture, reflect and grow their personal leadership, and increase their confidence and skills.
- Through our Mentoring Program, which this year involved 15 mentors and 19 mentees, we are providing opportunities for personal and professional growth, enhanced understanding of the ACC's strategic direction and developing a peer support culture.
- Our Respectful Workplaces Program increased understanding of equal employment opportunity, discrimination bullying and harassment, how individual behaviour affects workplace culture, appropriate performance management, and appropriate options for reporting. This year 370 staff attended. The program will continue in 2014–15 so all staff can attend.

## Evaluation

We conducted 63 evaluation processes for internal and external training and development programs. Our strategic evaluation of learning and development activities, based on the Kirkpatrick approach (1988).

Our evaluation seeks to:

- assess if we have meet our intended objectives
- achieve continuous improvement
- assess whether resources are being used wisely
- assess value for money.

As an example, evaluation of our Mentoring Program and Personal Development Workshops for Mentees indicated participants considered the program current, practical, appropriate for their level and good quality. Overall the program met the identified needs and objectives, with some identified improvements addressed in the planning for 2014–15 programs.

## Employee engagement

This year we also continued to implement initiatives responding to last year's employee engagement survey. At a national level this included work to target agency performance and reputation, executive leadership and performance, internal communication and dissemination of information, staff recognition and feeling valued. At the state office and branch level we also undertook initiatives to enhance the workplace culture including establishing leadership cohorts, increasing executive communication and team building programs.

## Work health and safety

We are committed to preventing injuries and exposure to hazards in the workplace, by taking all reasonably practicable steps to protect the health and safety of all workers at work, through identifying, eliminating and minimising hazards.

Appendix C (from page 212) details our 2013–14 work health and safety arrangements, initiatives, outcomes, statistics of accidents or dangerous occurrences, and any investigations conducted.

# Our environmental performance

Ecologically sustainable development and environmental performance section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) requires Australian Government organisations to report annually on their environmental performance and contribution to the principles of ecologically sustainable development.

We are committed to minimising our impact on the environment to achieve ecologically sustainable development by applying the following environmental management principles:

1. **Comply** with all relevant government statutes, policies and environmental planning instruments as well as meet obligations required for Australian Government environmental reporting.
2. **Educate** and promote an organisational culture of environmental awareness.
3. **Minimise** adverse environmental impacts by enhancing strategies that focus on:
  - effective procurement including whole-of-life cycle assessment
  - effective and efficient energy management
  - effective and efficient paper usage and paper waste management
  - effective and efficient general waste management
  - effective water conservation measures.

During 2013–14 we continued to operate in an environmentally responsible manner. We mitigate potential environmental impacts through efficient use of resources and effective waste management. Our Environmental Management System is aligned to the international standard EMS ISO 14001:2004 and supported by environmental policies, plans and procedures to influence our decision-making processes.

## Procurement

We ensure environmental considerations are part of normal procurement practice, consistent with traditional factors such as product safety, price, performance and availability. We no longer confine procurement decisions to price and functionality but also include whole-of-life assessment and consideration of environmental performance. Consequently, environmental performance provisions are included in procurement tenders and associated contracts.

## Environmental Management System

Our Environmental Management System is a framework designed to manage the impacts of our business activities on the environment. The system contributes to our outcomes and accords with the principles of ecologically sustainable development.

Our Environmental Policy and standard operating procedures capture data by site. We provide leasing data for all our sites to the Department of Finance.

We measure energy usage and savings per site. We also measure kilowatt hours per square metre and per person.

Under our Environmental Management System, we review our objectives and targets to respond to changes in government environmental policies or changing business parameters. These targets allow us to measure the effectiveness of our environmental management plans.

## Environmental Policy, procedures and guidelines

Our Environmental Policy, procedures and guidelines inform ACC employees about how we manage environmental performance, and what their responsibilities are to help achieve our environmental objectives.

## Energy performance

Due to the timing of energy consumption reporting arrangements, information relating to energy performance for 2013–14 is not available until the end of October 2014. Information is provided for the previous three years.

## Energy supply

During 2013–14 we incorporated a 10 per cent component of green and/or renewable energy in energy-related procurement arrangements for our Sydney and Melbourne offices. The whole-of-government energy contract for our Canberra office includes a green energy component of 10 per cent.

## ACC energy overall performance data

	Whole-of government target	2010–11	2011–12	2012–13	% change
Electricity (gigajoules)		7 443	7 381	7 541	+2.17
Computer Centre (gigajoules)		1 693	1 685	1 524	-9.55
Transport energy (gigajoules)		7 631	5 978	5 476	-8.39
Total		<b>16 767</b>	<b>15 044</b>	14 541	<b>-10.27%</b>
<b>Total emissions tonnes Carbon dioxide (CO<sub>2</sub>) equivalent</b>	<b>≤3400</b>	<b>3 318</b> Below target	<b>3 195</b> Below target	<b>3 088</b> Below target	<b>-3.71%</b>

## Transport

We gradually reduced the ACC motor vehicle fleet from 114 in 2007–08 to 88 in 2013–14. We will continue to keep vehicle numbers to the minimum necessary to meet business needs.

Our vehicle fleet policy encourages the use of E10 fuel, the lease of smaller vehicles and leasing of vehicles with a Green Vehicle Score of 10.5 or better.

These initiatives assist in reducing greenhouse gas emissions and photochemical smog.

We are also committed to reducing air travel by improving ACC capacity to conduct business via video and teleconferencing arrangements.

### Paper use

All copy paper we purchase contains 50 per cent recycled content. We use online records management systems to reduce paper usage. Awareness campaigns encouraging duplex printing, on screen editing and electronic filing continued during 2013–14.

### ACC paper use

Measure	Target tonnes	2010–11	2011–12	2012–13	2013–14
Paper use	<15	14.8	15.18	9.06	10.56

### Water use

Our Canberra office is the only ACC-leased premises that does not share facilities with other tenants, and it has a grey water system in place. We install water conservation solutions during accommodation refurbishments when possible.

### Waste management

We aim to reduce the amount of waste the ACC sends to landfill. We have recycling streams that divert waste from landfill. This includes green waste bins introduced this year in some of our offices.



**We operate in an environmentally responsible manner.**



We manage our financial  
resources responsibly to support  
our work against serious and  
organised crime.



# 7

## Financial performance

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Consultants	page 155
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Grants and sponsorships	page 155
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# Overview of our financial performance

The ACC's financial result for 2013–14 was a deficit of \$6.317 million. Apart from unfunded depreciation of \$7.347 million, the ACC reported result was a surplus of \$1.030 million.

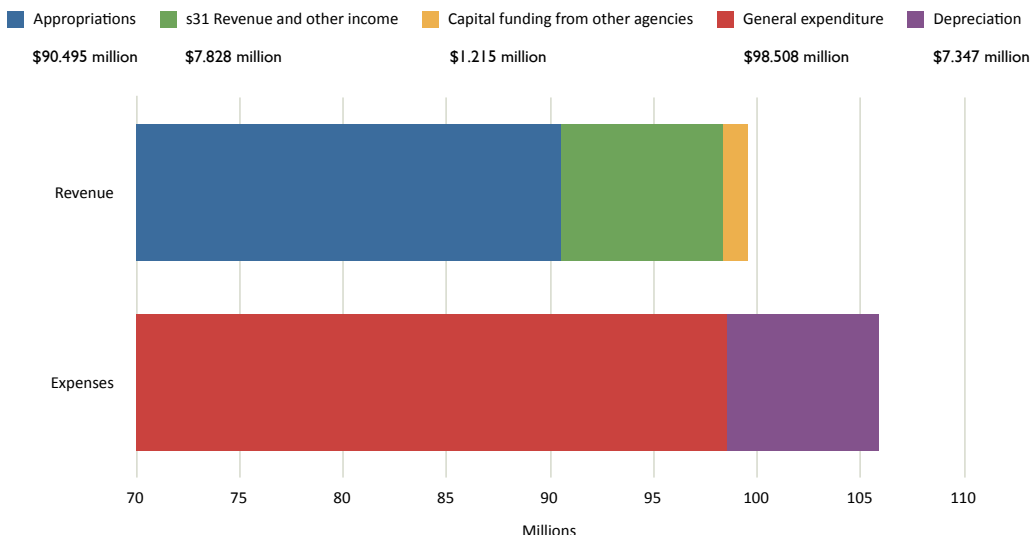
Appropriated equity injections and appropriated Departmental Capital Budgets do not impact the surplus or deficit. However, the ACC received capital funding from portfolio agencies and the accounting treatment requires this funding be recognised as revenue. This resulted in a surplus, as there was no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

The surplus includes \$1.215 million capital funding received from portfolio agencies for capital investment. With the exclusion of capital funding the ACC returned a \$0.185 million deficit for the financial year, for which we had a Ministerial approved deficit of up to \$0.443 million for the finalisation of the National Indigenous Intelligence Task Force.

The ACC received an unqualified audit opinion from the Australian National Audit Office.

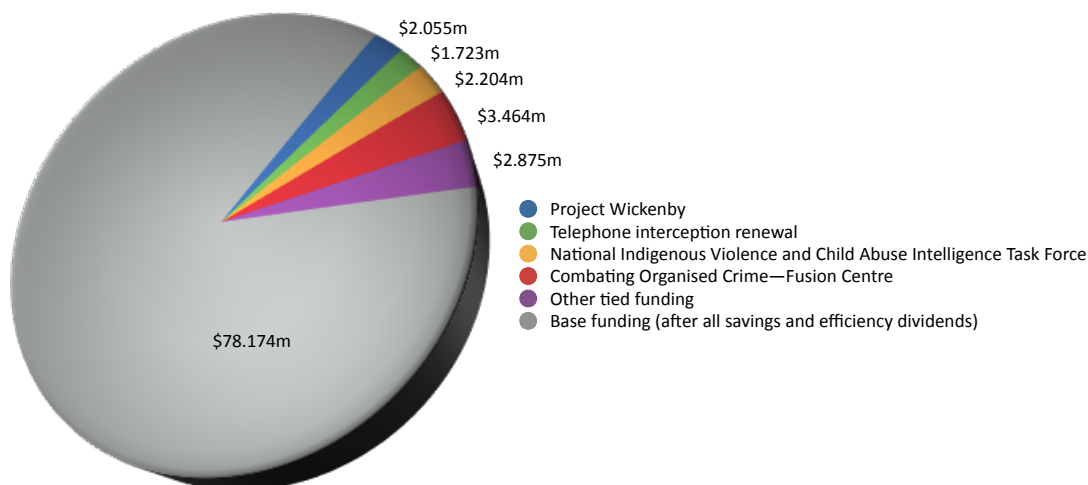
The ACC's appropriation for 2013–14 was \$92.810 million which included \$90.495 million operating budget, \$1.742 million Departmental Capital Budget and \$0.573 million equity injection.

## Revenue and expenditure analysis for 2013–14





## Appropriation for 2013–14



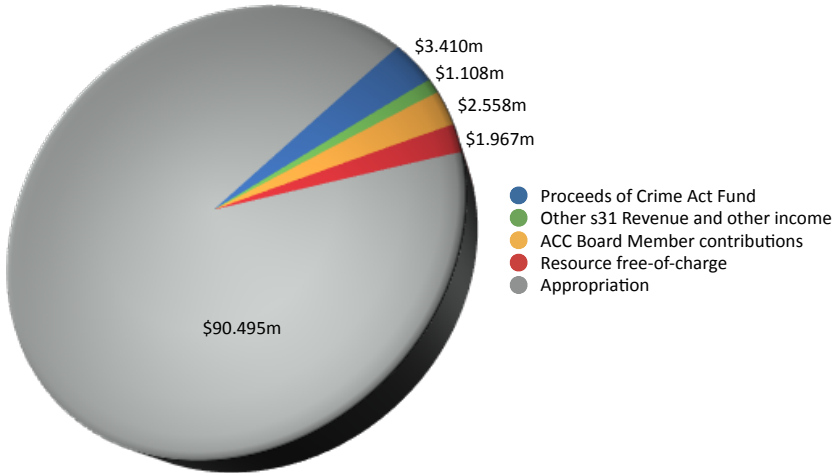
The tied funding<sup>13</sup> included allocations of:

- \$2.055 million to fund Project Wickenby investigations and prosecutions. Project Wickenby was a joint operation with the Australian Taxation Office and other key agencies to gather intelligence on, investigate and prosecute abusive tax haven arrangements.
- \$1.723 million to ensure a continued capability to intercept communications to reduce the incidence and impact of serious and organised crime. This program is being conducted jointly with the Australian Federal Police and the Australian Security Intelligence Organisation.
- \$2.204 million for the ACC to lead the multi-agency National Indigenous Violence and Child Abuse Intelligence Task Force, which collects, analyses and disseminates intelligence to law enforcement partner agencies.
- \$3.464 million to establish the Criminal Intelligence Fusion Capability to maximise the effective use of public and private sector data holdings and facilitate intelligence sharing in relation to serious and organised crime.
- The remaining \$2.875 million in other tied funding included:
  - \$0.853 million to generate intelligence targeting unexplained wealth for the Australian Taxation Office.
  - \$1.084 to establish Australian Gangs Intelligence Coordination Centre.
  - \$0.143 million to support Operation Sovereign Borders.
  - \$0.795 million one-off fund to manage pre-existing measures affecting public sector.

<sup>13</sup> Standard rounding has been applied to these figures, and they are listed gross of efficiency dividends.

Revenue for 2013–14 included \$90.495 million appropriation (this includes one-off funding \$0.795 million for managing pre-existing measures affecting public sector) plus \$4.525 million for services received from partner agencies (\$1.967 million resources received free-of-charge, \$2.558 million inter-governmental agreements). This reflects the continuing contribution of Commonwealth, state and territory agencies in managing nationally significant crime.

## Revenue for 2013–14



The ACC's internal controls that ensure compliance with our financial responsibilities include:

- senior management involvement in budget development, allocation and monitoring
- internal and external reporting, including financial information to the ACC Board on the overall agency position and regular reporting to the Minister for Justice
- full engagement with the ACC Audit Committee
- periodic review of the Chief Executive Instructions to ensure compliance with the *Financial Management and Accountability Act 1997* (to end of June 2014, as the PGPA Act is effective from 1 July 2014)
- regular audits by the Australian National Audit Office and the ACC Internal Audit Team
- online financial delegation training and accreditation for staff
- Certificate of Compliance employee survey to identify breaches of the *Financial Management and Accountability Act 1997* and financial training requirements
- centralised administration of procurement, assets, travel, credit cards, fleet vehicles, mobile phones and laptops.

The following Agency Resource Statement provides more detail on the use of all resources in cash terms.

### Agency Resource Statement for 2013–14

	Actual available appropriations for 2013–14 \$'000	Payments made 2013–14 \$'000	Balance remaining \$'000
	(a)	(b)	(a-b)
<b>Ordinary annual services</b>			
<b>Departmental appropriation</b>			
Prior year departmental appropriation (including section 31 Relevant agency receipts and cash at bank)	\$30.441	\$30.441	\$0
Departmental appropriation (including Departmental Capital Budget)	\$92.237	\$62.587	\$29.650
Section 31 Relevant agency receipts	\$7.723	\$7.468	\$255
<b>Total ordinary annual services</b>	<b>\$130.401</b>	<b>\$100.496</b>	<b>\$29.905</b>
<b>Other services</b>			
<b>Departmental non-operating</b>			
Equity injections	\$573	\$573	\$0
<b>Total other services</b>	<b>\$573</b>	<b>\$573</b>	<b>\$0</b>
<b>Total resourcing and payments</b>	<b>\$130.974</b>	<b>\$101.069</b>	<b>\$29.905</b>

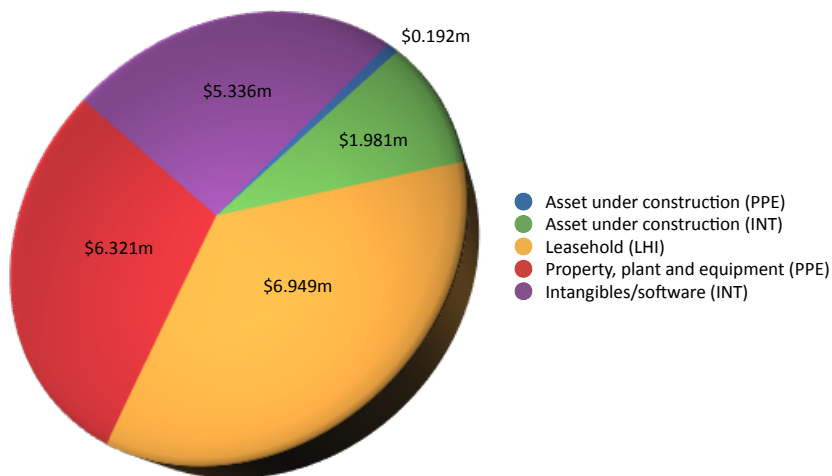
## Asset management

During 2013–14 we undertook strategic capital management planning in line with the Australian National Audit Office *Better Practice Guide on the Strategic and Operational Management of Assets by Public Sector Entities*. The purpose was to analyse the ACC asset register to determine which assets did not need replacement, reassess the useful lives of assets, and determine a replacement value of those assets requiring replacement, in order to better inform the ACC Capital Management Plan for 2014 and to adjust asset forward estimates where required.

We promote effective and efficient management of premises and assets. Expiring property leases have been reviewed to reduce floor space where possible. Assets are measured at fair value. The last revaluation of assets was undertaken in 2011–12, with a desk top audit undertaken during 2013–14 by the Australian Valuation Service, for any material changes in asset values. The ACC's non-current asset mix is:

- \$6.949 million—leasehold
- \$6.321 million—property, plant and equipment
- \$5.336 million—intangibles
- \$1.981 million—asset under construction – intangibles
- \$0.192 million—asset under construction – property, plant and equipment.

### Fixed assets for 2013–14



The ACC's Departmental Capital Budget is insufficient to cover asset replacement across the forward estimates period. There are large items such as office fit-outs and replacement of the Australian Criminal Intelligence Database (ACID) and Australian Law Enforcement Intelligence Network (ALEIN) with the National Criminal Intelligence system (NCIS), which cannot be funded from the Departmental Capital Budget. This leaves a gap for asset replacement and the ability to invest in new technology for which we will be seeking increased government investment. This funding gap does also not include resources for new functionality, upgrades or enhancements to existing equipment, which can be critical to the ACC's operation.

## Purchasing

Our approach to procuring property and services, including consultancies, is consistent with the Commonwealth Procurement Rules. The Commonwealth Procurement Rules are applied to activities through the Chief Executive's Instructions and supporting operational guidelines, which were regularly reviewed for consistency with the Commonwealth Procurement Framework.

The procurement framework reflects the core principle governing Australian Government procurement—value for money. Policies and procedures also focus on:

- encouraging competitive, non-discriminatory procurement processes
- efficient, effective economical and ethical use of resources
- accountability and transparency.

During 2013–14 we continued to participate in whole-of-government coordinated procurement initiatives led by the Department of Finance and used clustering and piggybacking opportunities to lower tendering costs and provide savings through economies of scale.

In addition, we agreed to Australian National Audit Office recommendations on procurement through the use of multi-use lists and have made changes to ensure the accuracy and timeliness of our reporting of contract information. We are also reviewing our procurement framework and guidance material, to be followed by a training and awareness program. See page 133 for more information.

## Consultants

During 2013–14, the ACC entered into three new consultancy contracts, involving total actual expenditure of \$63 424. In addition, eight ongoing consultancy contracts were active during 2013–14, which involved consultancy expenditure of \$193 949. Taking the total consultancy expense as defined by Department of Finance guidance on consultancy contracts to \$257 373. Information on the value of contracts and consultancies is available on the AusTender website at <[www.tenders.gov.au](http://www.tenders.gov.au)>.

We engage consultants where we lack the required specialist expertise or when independent research, review or assessment is required or when we lack the capacity to address additional tasks.

Consultants are typically engaged to investigate or diagnose a defined issue or problem, carry out defined reviews or evaluations, or provide independent advice, information or creative solutions to assist in the ACC's decision-making.

Prior to engaging consultants, we take into account the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the *Financial Management and Accountability Act 1997* and related regulations including the Commonwealth Procurement Rules and relevant internal policies.

### Expenditure on consultancy services (including GST)

Financial year	Total consultancy services expenditure (\$)
2010–11	\$415 113
2011–12	\$151 077
2012–13	\$305 855
2013–14	\$257 373

## Exempt contracts

During the reporting period we did not publish the details of three contracts with a total value of \$3.964 million on AusTender. These contracts were not published due to the ACC's exemption under section 28A of the *Financial Management and Accountability Act 1997*.

## Access clauses

During the reporting period we did not enter any contracts of \$100 000 or more that excluded provision for access by the Auditor-General.

## Grants and sponsorships

The ACC has no grant programs. However, during 2012–13 we provided \$25 000 to the Australian Institute of Criminology for sponsorship of the International Serious and Organised Crime Conference held in July 2013. In addition we provided a research grant of \$100 000, over one year from 25 June 2014, to the Australian Strategic Policy Institute.

## AUDITED FINANCIAL STATEMENTS



### INDEPENDENT AUDITOR'S REPORT

#### To the Minister for Justice

I have audited the accompanying financial statements of the Australian Crime Commission for the year ended 30 June 2014, which comprise: a Statement by the Chief Executive and Chief Financial Officer; Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; and a Summary of Significant Accounting Policies and other explanatory information.

#### *Chief Executive's Responsibility for the Financial Statements*

The Chief Executive of the Australian Crime Commission is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Australian Crime Commission's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Australian Crime Commission's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive of the Australian Crime Commission, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Independence***

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

***Opinion***

In my opinion, the financial statements of the Australian Crime Commission:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders, including the Australian Crime Commission's financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.


Australian National Audit Office



Kristian Gage  
A/g Executive Director  
Delegate of the Auditor-General  
Canberra  
17 September 2014

## STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2014 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Signed.....

Christopher Dawson, APM  
Chief Executive Officer

17 September 2014

Signed.....

Yvonne Irvine  
Chief Financial Officer

17 September 2014



**STATEMENT OF COMPREHENSIVE INCOME FOR THE AUSTRALIAN CRIME COMMISSION***for the period ended 30 June 2014*

	Notes	2014 \$'000	2013 \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	3A	63,656	63,747
Suppliers	3B	29,433	26,669
Depreciation and amortisation	3C	7,347	7,942
Finance costs	3D	97	96
Write-down and impairment of assets	3E	13	22
Losses from asset sales	3F	-	7
Services provided by State, Territory and Other Commonwealth Agencies	3G	5,217	4,718
Other expenses	3H	92	88
<b>Total expenses</b>		<b>105,855</b>	<b>103,289</b>
<b>Own-Source Income</b>			
<b>Own-source revenue</b>			
Sale of goods and rendering of services	4A	6,746	7,278
Other revenue	4B	2,084	2,152
<b>Total own-source revenue</b>		<b>8,830</b>	<b>9,430</b>
<b>Gains</b>			
Gains from sale of assets	4C	-	3
Other gains	4D	-	280
<b>Total gains</b>		<b>-</b>	<b>283</b>
<b>Total own-source income</b>		<b>8,830</b>	<b>9,713</b>
<b>Net cost of services</b>		<b>-97,025</b>	<b>-93,576</b>
Revenue from Government	4E	90,495	88,635
<b>Deficit attributable to the Australian Government</b>		<b>-6,530</b>	<b>-4,941</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not subject to subsequent reclassification to net cost of services</b>			
Changes in asset revaluation reserves - provision for restoration obligations		213	143
<b>Total other comprehensive income</b>		<b>213</b>	<b>143</b>
<b>Total comprehensive loss attributable to the Australian Government</b>		<b>-6,317</b>	<b>-4,798</b>

The above statement should be read in conjunction with the accompanying notes.

## STATEMENT OF FINANCIAL POSITION FOR THE AUSTRALIAN CRIME COMMISSION

as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	6A	1,317	1,973
Trade and other receivables	6B	29,390	29,311
<b>Total financial assets</b>		<b>30,707</b>	<b>31,284</b>
<b>Non-financial assets</b>			
Land and buildings	7A,C	6,949	9,617
Property, plant and equipment	7B,C	6,513	8,546
Intangibles	7D,E	7,317	6,654
Other non-financial assets	7F	2,047	1,682
<b>Total non-financial assets</b>		<b>22,826</b>	<b>26,499</b>
<b>Total assets</b>		<b>53,533</b>	<b>57,783</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	8A	6,403	5,451
Other payables	8B	3,731	4,395
<b>Total payables</b>		<b>10,134</b>	<b>9,846</b>
<b>Provisions</b>			
Employee provisions	9A	16,787	17,207
Other provisions	9B	2,311	2,427
<b>Total provisions</b>		<b>19,098</b>	<b>19,634</b>
<b>Total liabilities</b>		<b>29,232</b>	<b>29,480</b>
<b>Net assets</b>		<b>24,301</b>	<b>28,303</b>
<b>EQUITY</b>			
Contributed equity		28,079	25,764
Reserves		5,873	5,660
Accumulated deficit		-9,651	3,121
<b>Total equity</b>		<b>24,301</b>	<b>28,303</b>

The above statement should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGE IN EQUITY FOR THE AUSTRALIAN CRIME COMMISSION***for the period ended 30 June 2014*

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Opening balance</b>								
Balance carried forward from previous period	-3,121	1,820	5,660	5,517	25,764	22,814	28,303	30,151
<b>Adjusted opening balance</b>	<b>-3,121</b>	<b>1,820</b>	<b>5,660</b>	<b>5,517</b>	<b>25,764</b>	<b>22,814</b>	<b>28,303</b>	<b>30,151</b>
<b>Comprehensive (loss)/ income</b>								
Other comprehensive income	-	-	213	143	-	-	213	143
Deficit for the period	-6,530	-4,941	-	-	-	-	-6,530	-4,941
<b>Total comprehensive (loss)/ income</b>	<b>-6,530</b>	<b>-4,941</b>	<b>213</b>	<b>143</b>	<b>-</b>	<b>-</b>	<b>-6,317</b>	<b>-4,798</b>
<b>Transactions with owners</b>								
<b>Contributions by owners</b>								
Equity injection - Appropriations	-	-	-	-	573	196	573	196
Departmental capital budget	-	-	-	-	1,742	2,754	1,742	2,754
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,315</b>	<b>2,950</b>	<b>2,315</b>	<b>2,950</b>
<b>Closing balance as at 30 June</b>	<b>-9,651</b>	<b>-3,121</b>	<b>5,873</b>	<b>5,660</b>	<b>28,079</b>	<b>25,764</b>	<b>24,301</b>	<b>28,303</b>

The above statement should be read in conjunction with the accompanying notes.

**CASH FLOW STATEMENT FOR THE AUSTRALIAN CRIME COMMISSION***for the period ended 30 June 2014*

	Notes	2014 \$'000	2013 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		90,631	98,779
Sale of goods and rendering of services		7,248	8,636
Net GST received		2,734	3,350
<b>Total cash received</b>		<b>100,613</b>	<b>110,765</b>
<b>Cash used</b>			
Employees		64,076	62,778
Suppliers		32,680	32,734
Section 31 receipts transferred to OPA <sup>1</sup>		255	9,507
Other		3,251	2,589
<b>Total cash used</b>		<b>100,262</b>	<b>107,608</b>
<b>Net cash from operating activities</b>	10	<b>351</b>	<b>3,157</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment		-	1
<b>Total cash received</b>		<b>-</b>	<b>1</b>
<b>Cash used</b>			
Purchase of property, plant and equipment		1,311	5,144
Purchase of intangibles		2,011	893
<b>Total cash used</b>		<b>3,322</b>	<b>6,037</b>
<b>Net cash used by investing activities</b>		<b>-3,322</b>	<b>-6,036</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity		2,315	2,950
<b>Total cash received</b>		<b>2,315</b>	<b>2,950</b>
<b>Net cash from financing activities</b>		<b>2,315</b>	<b>2,950</b>
<b>Net (decrease)/increase in cash held</b>		<b>-656</b>	<b>71</b>
Cash and cash equivalents at the beginning of the reporting period		1,973	1,902
<b>Cash and cash equivalents at the end of the reporting period</b>	6A	<b>1,317</b>	<b>1,973</b>

1. The reduction in the S31 balance transferred to Official Public Account in 2014 reflects that majority of the s31 funds received in 2014 were utilised for the purpose for which they were paid to ACC.

The above statement should be read in conjunction with the accompanying notes.

## SCHEDULE OF COMMITMENTS FOR THE AUSTRALIAN CRIME COMMISSION

as at 30 June 2014

	2014 \$'000	2013 \$'000
<b>BY TYPE</b>		
<b>Commitments receivable</b>		
Net GST recoverable on commitments <sup>1</sup>	-3,279	-3,805
<b>Total commitments receivable</b>	<b>-3,279</b>	<b>-3,805</b>
<b>Commitments payable</b>		
<b>Other commitments</b>		
Operating leases <sup>i</sup>	27,386	34,974
Other <sup>ii</sup>	8,686	6,876
<b>Total other commitments</b>	<b>36,072</b>	<b>41,850</b>
<b>Net commitments by type</b>	<b>32,793</b>	<b>38,045</b>
<b>BY MATURITY</b>		
<b>Commitments receivable</b>		
<b>Operating lease income</b>		
Within 1 year	-762	-800
Between 1 to 5 years	-1,597	-2,160
More than 5 years	-131	-220
<b>Total operating lease income</b>	<b>-2,490</b>	<b>-3,180</b>
<b>Other commitments receivable</b>		
Within 1 year	-465	-382
Between 1 to 5 years	-324	-235
More than 5 years	-	-8
<b>Total other commitments receivable</b>	<b>-789</b>	<b>-625</b>
<b>Total commitments receivable</b>	<b>-3,279</b>	<b>-3,805</b>
<b>Commitments payable</b>		
<b>Operating lease commitments</b>		
Within 1 year	8,377	8,800
Between 1 to 5 years	17,567	23,760
More than 5 years	1,442	2,415
<b>Total operating lease commitments</b>	<b>27,386</b>	<b>34,975</b>
<b>Other Commitments</b>		
Within 1 year	5,116	4,206
Between 1 to 5 years	3,570	2,584
More than 5 years	-	86
<b>Total other commitments</b>	<b>8,686</b>	<b>6,876</b>
<b>Total commitments payable</b>	<b>36,072</b>	<b>41,851</b>
<b>Net commitments by maturity</b>	<b>32,793</b>	<b>38,046</b>

Note:

1. Commitments are GST inclusive where relevant.

The ACC has excluded the utility charges from the commitments due to its contractual nature, consequently 2013 commitments are restated.

- i. Operating leases included are effectively non-cancellable agreements and comprise:

Nature of Lease	General description of leasing arrangements
Leases for office accommodation	Lease payments are subject to terms as detailed in the lease agreement.
Leases for the provision of motor vehicles	No contingent rentals exist and there were no renewal or purchase options available to the ACC.
Leases for other equipment held as at 30 June	No contingent rentals exist and there are no renewal or purchase options available to the ACC.

- ii. Other commitments included are effectively non-cancellable agreements for software maintenance & support, information technology infrastructure maintenance & support, and guarding services.

This schedule should be read in conjunction with the accompanying notes.

## Note 1: Summary of Significant Accounting Policies

### 1.1 Objectives of the Australian Crime Commission (ACC)

The ACC is an Australian Government controlled entity. It is a not-for-profit entity. The ACC's primary objective is to support and complement Australian law enforcement efforts to reduce the threat and impact of serious and organised crime. It is a niche, complementary agency which delivers specialist law enforcement capabilities to other agencies in the law enforcement community and broader government. All ACC activities are conducted either with or for one of the many partner agencies across Commonwealth, State and Territory governments.

The ACC is structured to meet one outcome:

Outcome 1: Reduction in the threat and impact of serious and organised crime, through analysis of and operations against national criminal activity, for governments, law enforcement agencies and private sector organisations.

The ACC's programs are:

- 1.1 Strategic criminal intelligence services; and
- 1.2 Investigations and intelligence operations into federally relevant criminal activity.

The continued existence of the agency in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for the ACC's administration and programs.

ACC activities contributing toward these outcomes are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the ACC in its own right.

### 1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements required by section 49 of the *Financial Management and Accountability Act 1997*.

The Minister for Finance and Deregulation and the then Minister for Home Affairs entered into an agreement that applies under regulation 28(3) of the FMA Regulations. The agreement concerns the provision of annual financial statements by the ACC and states that the ACC will prepare its financial statements in accordance with the relevant Orders, and Schedule 2 of the FMA Act.

Except for the modified disclosure provided for law enforcement agencies agreed between the Minister for Finance and the then Minister for Home Affairs, the financial statements and notes have been prepared in accordance with:

- a) Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2011; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the ACC or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments or the Schedule of Contingencies, reported in Note 11.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

### 1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the ACC has made the following judgement in relation to the policy that had the most significant impact on the amounts recorded in the financial statements: the fair value of ACC's leasehold improvements and property, plant & equipment have been taken to be the market value of similar items as determined by an independent valuer. In some instances, the ACC's leasehold improvements that were purpose-built and some specialised property, plant & equipments may in fact realise more or less in the market.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

### 1.4 New Australian Accounting Standards

#### Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

During the 2013–14 financial year several accounting standards and interpretations were issued prior to the signing of the financial statements by the Chief Executive Officer and Chief Financial Officer and are applicable to the current reporting period. The accounting standards that impacted the 2013–14 financial statements and expected to have a material effect in the future are summarised below.

Accounting Standard	Main changes	Impact on the ACC's financial statements
<b>AASB 119 - Employee Benefits</b>	<b><u>Termination benefits</u></b> Recognition & definition of the termination benefits revised.	Termination benefits were assessed based on the revised standard and disclosed under the Employee benefits in the Statement of Comprehensive Income & employee provisions in the Statement of Financial Position.
	<b><u>Short-term employee benefits</u></b> All short-term employee benefits should now include all benefits expected to settle wholly within one year after the reporting date.	Based on the revised definition the ACC assessed its short-term benefits (annual leave) and re-classified as long term benefit in the senior executive remuneration note forming part of the financial statements.
<b>AASB 13 - Fair Value Measurements</b>	The ACC needs to make additional disclosure in relation to the fair value measurements of non-current assets & liabilities in the financial statements based on the AASB 13 framework for measuring fair values.	A new note is added to Notes forming part of the Financial Statements explaining the process that ACC followed in measuring and reporting fair value of non-current assets & liabilities.

All other new accounting standards did not have a material effect and are not expected have a future material effect on the ACC's financial statements.



Future Australian Accounting Standard Requirements

During the 2013–14 financial year several accounting standards and interpretations were issued or amended by the Australian Accounting Standards Board which are effective for future reporting periods. The accounting standard that would impact the ACC's future financial statements is summarised below.

Accounting Standard	Main changes	Impact on the ACC's financial statements
<b>AASB 1055 - Budgetary Reporting</b>	From 2014–15 the ACC should disclose budgeted financial statements reflecting controlled items and explanation of the cause of the major variances between the actual and the corresponding original budget for the departmental items in the financial statements.	This new budgetary requirement will be disclosed in the ACC's financial statements from 2014–15 financial year.

All other new accounting standards are not expected have a future material effect on the ACC's financial statements.

**1.5 Revenue**

The ACC receives revenue from intergovernmental agreements. These are recognised as cost recovery from State and Territory Police.

Revenue from the sale of goods is recognised when:

- a) The risks and rewards of ownership have been transferred to the buyer;
- b) ACC retains no managerial involvement or effective control over the goods;
- c) The revenue and transaction costs incurred can be reliably measured; and
- d) It is probable economic benefits associated with the transaction will flow to the ACC.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date.

The revenue is recognised when:

- a) The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) The probable economic benefits associated with the transaction will flow to the ACC.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (refer to note 1.7).

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the ACC gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

## 1.6 Gains

### Resources Received Free of Charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

### Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

## 1.7 Transactions with the Government as Owner

### Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

### Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity. However there were no restructuring arrangements in 2013-14.

## 1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

### Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Agency is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the ACC's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2014. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

### Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The ACC recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

### Superannuation

Majority of the ACC staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and the PSS accumulation plan (PSSap). A small number of staff are members of employee nominated superannuation funds, as allowed under the ACC's enterprise agreement.

The CSS and PSS are defined benefit schemes for the Australian Government. PSSap and other employee nominated super funds are defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The ACC makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The ACC accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

### **1.9 Leases**

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the leased property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

The ACC leases office accommodation and motor vehicles under operating lease agreements.

### **1.10 Borrowing Costs**

All borrowing costs are expensed as incurred. The ACC had no borrowing costs during the year.

### **1.11 Fair Value Measurement**

The ACC deems transfers between the levels of fair value hierarchy to have occurred at the end of the reporting period. There were no transfers between the levels of fair value hierarchy during 2013-14.

### **1.12 Cash**

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- a) cash on hand;
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value; and
- c) cash held by outsiders.

### 1.13 Financial Assets

The ACC classifies its financial assets as loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

#### Loans and Receivables

Trade receivables, loans and other that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

#### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

*Financial assets held at amortised cost* - if there is objective evidence that an impairment loss has been incurred for loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

### 1.14 Financial Liabilities

#### Other Financial Liabilities

The ACC classifies its financial liabilities as 'other financial liabilities'. Financial liabilities are recognised and derecognised upon trade date.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

### 1.15 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

### 1.16 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

### 1.17 Property, Plant and Equipment

#### Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for leasehold improvements costing less than \$150,000 (2012-13: \$150,000) and property, plant and equipment costing less than \$2,000 (2012-13: \$2,000), which are expensed in the year of acquisition. Purchases of ICT infrastructure such as PCs, laptops, monitors and other portable items that are used to deliver end user application are capitalised regardless of the value of the asset purchased.

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the ACC where there exists an obligation to restore the property to its original condition. These costs are included in the value of the ACC's leasehold improvements with a corresponding provision for the 'make good' recognised.

#### Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Fair value assessments are conducted every year to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. Independent valuations are conducted every 3 years by an external valuer. The most recent independent valuation was conducted as at 30 June 2012 with the next one to be conducted in 2014-15.

Revaluation adjustments were made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

#### Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the ACC using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	<u>2014</u>	<u>2013</u>
Leasehold improvements	Lease term	Lease term
Property, plant and equipment	3-5 years	3-5 years

#### Impairment

All assets were assessed for impairment at 30 June 2014. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the ACC was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

#### **1.18 Intangibles**

The ACC's intangibles comprise internally developed software for internal use and externally purchased software. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. There were no accumulated impairment losses in 2014.

Purchases of software are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000 (2012-13: \$2,000), which are expensed. Dependent on the stage of development, internally developed software is recognised at cost in the Statement of Financial Position, except for purchases costing less than \$20,000 (2012-13: \$20,000), which are expensed.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the ACC's software are 3 to 5 years (2012-13: 3 to 5 years).

Software licences with the renewable term of one year are treated as prepayments at the time of purchases and expensed over the one year term.

#### **1.19 Taxation**

The ACC is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

#### **1.20 Special note for FMA Act agencies**

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on *Commonwealth* expenditure in *Williams v Commonwealth [2014] HCA 23*, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

## Note 2: Events After the Reporting Period

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the Australian Crime Commission.

## Note 3: Expenses

	2014 \$'000	2013 \$'000
<b>Note 3A: Employee Benefits</b>		
Wages and salaries	46,052	46,814
Superannuation		
Defined contribution plans	4,323	4,370
Defined benefit plans	3,928	4,002
Leave and other entitlements	8,385	8,430
Separation and redundancies	968	131
<b>Total employee benefits</b>	<b>63,656</b>	<b>63,747</b>

**Note 3B: Suppliers****Goods and services supplied or rendered**

Consultants	869	606
Contractors	1,053	935
Operational expenses	1,554	1,248
Staff recruitment, development & training	1,250	1,103
Motor vehicle expenses	174	150
Office expenses	842	780
Communication	2,890	3,169
Legal expenses	1,903	1,235
Travel	2,558	2,307
Property and security expenses	3,760	3,253
IT support and maintenance	3,199	2,688
Other	284	336

**Total goods and services supplied or rendered**

<b>20,336</b>	<b>17,810</b>
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**Goods supplied in connection with**

Related parties	50	138
External parties	1,202	1,241

**Total goods supplied**

<b>1,252</b>	<b>1,379</b>
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**Services rendered in connection with**

Related parties	3,104	5,492
External parties	15,980	10,939

**Total services rendered**

<b>19,084</b>	<b>16,431</b>
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**Total goods and services supplied or rendered**

<b>20,336</b>	<b>17,810</b>
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**Other suppliers****Operating lease rentals in connection with**

External parties		
Minimum lease payments	8,349	8,148

## Workers compensation expenses

<b>748</b>	<b>711</b>
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**Total other suppliers**

<b>9,097</b>	<b>8,859</b>
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**Total suppliers**

<b>29,433</b>	<b>26,669</b>
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## Note 3: Expenses (continued)

	2014 \$'000	2013 \$'000
<b>Note 3C: Depreciation and Amortisation</b>		
<b>Depreciation</b>		
Property, plant and equipment	3,258	3,030
Leasehold improvements	2,741	3,653
<b>Total depreciation</b>	<b>5,999</b>	<b>6,683</b>
<b>Amortisation</b>		
Intangibles	1,348	1,259
<b>Total amortisation</b>	<b>1,348</b>	<b>1,259</b>
<b>Total depreciation and amortisation</b>	<b>7,347</b>	<b>7,942</b>
<b>Note 3D: Finance Costs</b>		
Unwinding of discount	97	96
<b>Total finance costs</b>	<b>97</b>	<b>96</b>
<b>Note 3E: Write-Down and Impairment of Assets</b>		
Write-down of property, plant and equipment	13	22
<b>Total write-down and impairment of assets</b>	<b>13</b>	<b>22</b>
<b>Note 3F: Losses from Asset Sales</b>		
Property, plant and equipment		
Carrying value of assets sold	-	7
<b>Total losses from asset sales</b>	<b>-</b>	<b>7</b>
<b>Note 3G: Services provided by State, Territory and other Commonwealth Agencies</b>		
Paid services	3,342	2,677
Services provided free of charge	1,875	2,041
<b>Total Services provided by State, Territory and other Commonwealth Agencies</b>	<b>5,217</b>	<b>4,718</b>
<b>Note 3H: Other Expenses</b>		
Audit services provided free of charge	92	88
<b>Total other expenses</b>	<b>92</b>	<b>88</b>

## Note 4: Own-source Income

	2014 \$'000	2013 \$'000
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**Own-Source Revenue****Note 4A: Sale of Goods and Rendering of Services****Rendering of services in connection with**

Related parties	3,756	4,193
External parties	2,990	3,084
<b>Total rendering of services</b>	<b>6,746</b>	<b>7,278</b>
<b>Total sale of goods and rendering of services</b>	<b>6,746</b>	<b>7,278</b>

**Note 4B: Other Revenue**

Resources received free of charge		
Audit fees	92	88
Police services	1,875	2,041
Other	117	23
<b>Total other revenue</b>	<b>2,084</b>	<b>2,152</b>

**Gains****Note 4C: Gains from Sale of Assets**

Property, plant and equipment		
Proceeds from sale	-	3
<b>Total gains from sale of assets</b>	<b>-</b>	<b>3</b>

**Note 4D: Other Gains**

Resources received free of charge		
Assets	-	280
<b>Total other gains</b>	<b>-</b>	<b>280</b>

**Note 4E: Revenue from Government**

Appropriations		
Departmental appropriations	90,495	88,635
<b>Total revenue from Government</b>	<b>90,495</b>	<b>88,635</b>

## Note 5: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value. The tables summarise the valuation techniques adopted and fair value hierarchy applied to assets and liabilities.

Selection of hierarchy levels 1-3 for fair value measurements will depend on the type of inputs used.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the ACC can access at measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

### Note 5A: Fair Value Measurements

#### Fair value measurements at the end of the reporting period by hierarchy for non-financial assets in 2014

	Fair value \$'000	Fair value measurements at the end of the reporting period using		
		Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
<b>Non-financial assets</b>				
Leasehold improvements	6,949	-	-	6,949
Property, plant and equipment	6,513	-	4,196	2,317
<b>Total non-financial assets</b>	<b>13,462</b>	<b>-</b>	<b>4,196</b>	<b>9,266</b>
<b>Total fair value measurements of assets in the statement of financial position</b>	<b>13,462</b>	<b>-</b>	<b>4,196</b>	<b>9,266</b>

The ACC did not measure any financial liabilities, non-financial liabilities or non-financial assets at fair value on a non-recurring basis as at 30 June 2014.

#### Fair value measurements - highest and best use

For the ACC highest and best use of all non-financial assets are the same as their current use.

### Note 5B: Level 1 and Level 2 Transfers for Recurring Fair Value Measurements

The ACC had no transfers between Level 1 and 2 of the measurement hierarchy.

The ACC's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.11.

## Note 5: Fair Value Measurements (continued)

**Note 5C: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements****Level 2 and 3 fair value measurements - valuation technique and the inputs used for non-financial assets in 2014**

	Category (Level 2 or Level 3)	Fair value \$'000	Valuation technique(s) <sup>1</sup>	Inputs used	Range (weighted average) <sup>2</sup>
<b>Non-financial assets</b>					
Leasehold improvements	3	6,949	Depreciated Replacement Cost (DRC)	Replacement Cost New  Consumed economic benefit/ Obsolescence of asset	10% - 20% (11.40%) per annum
Property, plant and equipment	2	4,003	Market Approach	Adjusted market transactions	
Property, plant and equipment	2	193	Replacement Cost	Replacement Cost New	
Property, plant and equipment	3	2,317	Depreciated Replacement Cost (DRC)	Replacement Cost New  Consumed economic benefit/ Obsolescence of asset	12.50% - 20.00% (14.29%) per annum

1. There has been no changes to valuation techniques.

2. This is for significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category.

**Recurring and non-recurring Level 3 fair value measurements - valuation processes**

The ACC tests the procedures of the valuation model at least once every 12 months (with a formal valuation undertaken once every 3 years). In 2014 the ACC procured the service of the Australian Valuation Solutions Pty Ltd (AVS) to undertake a materiality review of all the non-financial assets as at 30 June 2014. The AVS reported no material changes to the current valuation of non-financial assets. The AVS provided written assurance to the ACC that the models developed are in compliance with AASB 13.

Significant Level 3 inputs used by ACC are derived and evaluated as follows:

Leasehold improvements - Consumed economic benefit / Obsolescence of asset

Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of any accumulated depreciation. The accumulated depreciation has been determined based on professional judgement regarding physical, economic and external obsolescence factors.

Property, plant and equipment - Consumed economic benefit / Obsolescence of asset

Operational equipment has been measured using the cost approach. Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of any accumulated depreciation. The accumulated depreciation has been determined based on professional judgement regarding physical, economic and external obsolescence factors.

## Note 5: Fair Value Measurements (continued)

### Note 5C: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements (con'td)

#### Recurring Level 3 fair value measurements - sensitivity of inputs

##### Leasehold improvements - Consumed economic benefit/ Obsolescence of asset

The significant unobservable inputs used in the fair value measurements of the ACC's leasehold improvements asset class relate to the rate of obsolescence for any asset (accumulated depreciation). A significant increase (decrease) in this input would result in a significantly lower (higher) fair value measurement.

##### Property, plant & equipment - Consumed economic benefit/ Obsolescence of asset

The significant unobservable inputs used in the fair value measurements of the ACC's property, plant and equipment asset class relate to the rate of obsolescence for any asset (accumulated depreciation). A significant increase (decrease) in this input would result in a significantly lower (higher) fair value measurement.

### Note 5D: Reconciliation for Recurring Level 3 Fair Value Measurements

#### Recurring Level 3 fair value measurements - reconciliation for assets

	Non-financial assets		
	Property, plant and equipment	Leasehold improvements	Total
	2014 \$'000	2014 \$'000	2014 \$'000
<b>Opening balance<sup>1</sup></b>	3,486	9,617	13,103
Total gains/(losses) recognised in net cost of services <sup>2</sup>	-1,178	-2,741	-3,919
Purchases	14	73	87
Disposals	-5	-	-5
Transfers into Level 3 <sup>3</sup>	-	-	-
Transfers out Level 3 <sup>3</sup>	-	-	-
<b>Closing balance</b>	<b>2,317</b>	<b>6,949</b>	<b>9,266</b>

1. Opening balance as determined in accordance with AASB 13.

2. These gains/(losses) are presented in the Statement of Comprehensive Income under depreciation and amortisation.

3. There have been no transfers between levels of the hierarchy during the year.

## Note 6: Financial Assets

	2014 \$'000	2013 \$'000
<b>Note 6A: Cash and Cash Equivalents</b>		
Cash on hand or on deposit	1,317	1,973
<b>Total cash and cash equivalents</b>	<b>1,317</b>	<b>1,973</b>
<b>Note 6B: Trade and Other Receivables</b>		
<b>Goods and services receivables in connection with</b>		
Related parties	98	335
External parties	42	128
<b>Total goods and services receivables</b>	<b>140</b>	<b>463</b>
<b>Appropriations receivables</b>		
Existing programs	28,588	28,469
<b>Total appropriations receivables</b>	<b>28,588</b>	<b>28,469</b>
<b>Other receivables</b>		
GST receivable from the Australian Taxation Office	662	379
<b>Total other receivables</b>	<b>662</b>	<b>379</b>
<b>Total trade and other receivables</b>	<b>29,390</b>	<b>29,311</b>
<b>Trade and other receivables expected to be recovered</b>		
No more than 12 months	29,390	29,311
<b>Total trade and other receivables</b>	<b>29,390</b>	<b>29,311</b>
<b>Trade and other receivables aged as follows</b>		
Not overdue	29,390	29,086
Overdue by		
0 to 30 days	-	-
31 to 60 days	-	225
61 to 90 days	-	-
More than 90 days	-	-
<b>Total trade and other receivables</b>	<b>29,390</b>	<b>29,311</b>

Credit terms for goods and services were within 30 days (2013: 30 days).

## Note 7: Non-Financial Assets

	2014 \$'000	2013 \$'000
<b>Note 7A: Land and Buildings</b>		
<b>Leasehold improvements</b>		
Fair value	13,875	13,802
Accumulated depreciation	-6,926	-4,185
<b>Total leasehold improvements</b>	<b>6,949</b>	<b>9,617</b>
<b>Total land and buildings</b>	<b>6,949</b>	<b>9,617</b>

No indicators of impairment were found for leasehold improvements.

No leasehold improvements were expected to be sold or disposed of within the next 12 months.

**Note 7B: Property, Plant and Equipment**

<b>Property, plant and equipment</b>		
Work in progress	192	72
Fair value	12,620	11,548
Accumulated depreciation	-6,299	-3,074
<b>Total property, plant and equipment</b>	<b>6,513</b>	<b>8,546</b>

No indicators of impairment were found for property, plant and equipment.

No property, plant and equipment is expected to be sold or disposed of within the next 12 months.

**Revaluations of non-financial assets**

All formal revaluations were conducted in 2012 by an independent valuer in accordance with the revaluation policy stated at Note 1. Next formal revaluation is due in 2015.

**Note 7C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment****Reconciliation of the opening and closing balances of property, plant and equipment for 2014**

	Leasehold improvements \$'000	Property, plant & equipment \$'000	Total \$'000
<b>As at 1 July 2013</b>			
Gross book value	13,802	11,620	25,422
Accumulated depreciation	-4,185	-3,074	-7,259
<b>Total as at 1 July 2013</b>	<b>9,617</b>	<b>8,546</b>	<b>18,163</b>
<b>Additions</b>			
Purchase	73	1,238	1,311
Depreciation	-2,741	-3,258	-5,999
Disposals	-	-13	-13
<b>Total as at 30 June 2014</b>	<b>6,949</b>	<b>6,513</b>	<b>13,462</b>
<b>Total as at 30 June 2014 represented by</b>			
Gross book value	13,875	12,812	26,687
Accumulated depreciation	-6,926	-6,299	-13,225
<b>Total as at 30 June 2014</b>	<b>6,949</b>	<b>6,513</b>	<b>13,462</b>

## Note 7: Non-Financial Assets (continued)

**Note 7C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (con'td)**

Reconciliation of the opening and closing balances of property, plant and equipment for 2013

	Leasehold improvements \$'000	Property, plant & equipment \$'000	Total \$'000
As at 1 July 2012			
Gross book value	9,882	10,208	20,090
Accumulated depreciation	-532	-106	-638
Total as at 1 July 2012	9,350	10,102	19,452
Additions			
Purchase	3,920	1,614	5,534
Depreciation	-3,653	-3,030	-6,683
Other movements			
Asset transfers	-	-111	-111
Disposals	-	-29	-29
Total as at 30 June 2013	9,617	8,546	18,163

Total as of 30 June 2013 represented by

Gross book value	13,802	11,620	25,422
Accumulated depreciation	-4,185	-3,074	-7,259
Total as at 30 June 2013	9,617	8,546	18,163

	2014 \$'000	2013 \$'000
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**Note 7D: Intangibles****Computer software**

Internally developed – in progress	1,981	1,162
Internally developed – in use	10,487	9,986
Accumulated amortisation	-5,871	-4,643
<b>Total computer software – internally developed</b>	<b>6,597</b>	<b>6,505</b>
Purchased software	2,105	1,535
Accumulated amortisation	-1,385	-1,386
<b>Total computer software – purchased</b>	<b>720</b>	<b>149</b>
<b>Total intangibles</b>	<b>7,317</b>	<b>6,654</b>

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.



## Note 7: Non-Financial Assets (continued)

**Note 7E: Reconciliation of the Opening and Closing Balances of Intangibles****Reconciliation of the opening and closing balances of intangibles for 2014**

	Computer software- internally developed \$'000	Computer software- purchased \$'000	Total \$'000
<b>As at 1 July 2013</b>			
Gross book value	11,148	1,535	12,683
Accumulated amortisation	-4,643	-1,386	-6,029
<b>Total as at 1 July 2013</b>	<b>6,505</b>	<b>149</b>	<b>6,654</b>
Additions			
Purchase	1,320	691	2,011
Amortisation	-1,228	-120	-1,348
Disposals	-	-	-
<b>Total as at 30 June 2014</b>	<b>6,597</b>	<b>720</b>	<b>7,317</b>
<b>Total as at 30 June 2014 represented by</b>			
Gross book value	12,468	2,105	14,573
Accumulated amortisation	-5,871	-1,385	-7,256
<b>Total as at 30 June 2014</b>	<b>6,597</b>	<b>720</b>	<b>7,317</b>

## Note 7: Non-Financial Assets (continued)

**Note 7E: Reconciliation of the Opening and Closing Balances of Intangibles (con'td)**

Reconciliation of the opening and closing balances of intangibles for 2013

	Computer software- internally developed \$'000	Computer software- purchased \$'000	Total \$'000
As at 1 July 2012			
Gross book value	10,224	1,535	11,759
Accumulated amortisation	-3,574	-1,165	-4,739
Total as at 1 July 2012	6,650	370	7,020
Additions			
Purchase	782	-	782
Amortisation	-1,126	-133	-1,259
Other movements			
Asset transfers	111	-	111
Depreciation reclassification	88	-88	-
Disposals	-	-	-
Total as at 30 June 2013	6,505	149	6,654
Total as at 30 June 2013 represented by			
Gross book value	11,148	1,535	12,683
Accumulated amortisation	-4,643	-1,386	-6,029
Total as at 30 June 2013	6,505	149	6,654

	2014 \$'000	2013 \$'000
<b>Note 7F: Other Non-Financial Assets</b>		
Prepayments	2,047	1,682
<b>Total other non-financial assets</b>	<b>2,047</b>	<b>1,682</b>
<b>Other non-financial assets expected to be recovered</b>		
No more than 12 months	1,767	1,495
More than 12 months	280	187
<b>Total other non-financial assets</b>	<b>2,047</b>	<b>1,682</b>

No indicators of impairment were found for other non-financial assets.

## Note 8: Payables

	2014 \$'000	2013 \$'000
<b>Note 8A: Suppliers</b>		
Trade creditors and accruals	4,987	3,871
Operating lease rentals	1,416	1,580
<b>Total suppliers</b>	<b>6,403</b>	<b>5,451</b>
<b>Suppliers expected to be settled</b>		
No more than 12 months	5,327	4,035
More than 12 months	1,076	1,416
<b>Total suppliers</b>	<b>6,403</b>	<b>5,451</b>
<b>Suppliers in connection with</b>		
Related parties	620	1,071
External parties	5,783	4,380
<b>Total suppliers</b>	<b>6,403</b>	<b>5,451</b>

Settlement was usually made within 30 days.

<b>Note 8B: Other Payables</b>		
Wages and salaries	1,516	1,366
Superannuation	253	227
Separations and redundancies	-	79
Lease incentives <sup>i</sup>	1,295	2,047
Unearned income	510	497
Other	157	179
<b>Total other payables</b>	<b>3,731</b>	<b>4,395</b>
<b>Other payables expected to be settled</b>		
No more than 12 months	3,052	3,103
More than 12 months	679	1,292
<b>Total other payables</b>	<b>3,731</b>	<b>4,395</b>

i. The agency has received incentives in the form of rent free period and fit out contribution on entering a property operating lease.

## Note 9: Provisions

	2014 \$'000	2013 \$'000
<b>Note 9A: Employee Provisions</b>		
Leave	16,787	17,207
<b>Total employee provisions</b>	<b>16,787</b>	<b>17,207</b>
<b>Employee provisions expected to be settled</b>		
No more than 12 months	6,974	6,352
More than 12 months	9,813	10,855
<b>Total employee provisions</b>	<b>16,787</b>	<b>17,207</b>
<b>Note 9B: Other Provisions</b>		
Provision for restoration obligations	2,311	2,427
<b>Total other provisions</b>	<b>2,311</b>	<b>2,427</b>
<b>Other provisions expected to be settled</b>		
More than 12 months	2,311	2,427
<b>Total other provisions</b>	<b>2,311</b>	<b>2,427</b>
	Provision for restoration \$'000	Total \$'000
<b>As at 1 July 2013</b>	<b>2,427</b>	<b>2,427</b>
Amounts reversed	-213	-213
Unwinding of discount	97	97
<b>Total as at 30 June 2014</b>	<b>2,311</b>	<b>2,311</b>

The Agency currently has 9 agreements (2013: 9 agreements) for the leasing of premises which have provisions requiring the agency to restore the premises to their original condition at the conclusion of the lease. The Agency has made a provision to reflect the present value of this obligation.

## Note 10: Cash Flow Reconciliation

	2014 \$'000	2013 \$'000
<b>Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement</b>		
<b>Cash and cash equivalents as per</b>		
Cash flow statement	1,317	1,973
Statement of financial position	1,317	1,973
<b>Discrepancy</b>	-	-
<b>Reconciliation of net cost of services to net cash from operating activities</b>		
Net cost of services	-97,025	-93,576
Revenue from Government	90,495	88,635
Section 31 receipts transferred to OPA	-255	-9,507
<b>Adjustments for non-cash items</b>		
Depreciation/amortisation	7,347	7,942
Net write down of non-financial assets	13	29
Donated assets	-	-280
<b>Movements in assets and liabilities</b>		
<b>Assets</b>		
Decrease in net receivables	176	11,983
(Increase) in prepayments	-365	-97
<b>Liabilities</b>		
(Decrease)/increase in employee provisions	-420	969
Increase/(decrease) in supplier payables	952	-3,354
(Decrease) in other payables	-664	-1,294
Increase in other provisions	97	1,707
<b>Net cash from operating activities</b>	<b>351</b>	<b>3,157</b>

## Note 11: Contingent Liabilities and Assets

### **Quantifiable Contingencies**

At 30 June 2014, the ACC did not have any quantifiable contingencies (2013: Nil).

### **Unquantifiable Contingencies**

At 30 June 2014, the ACC had a number of legal matters pending that may eventuate in costs being awarded to or against the ACC. It was not possible to quantify the amounts of any eventual receipts or payments that may eventuate in relation to these claims (2013: Nil).

### **Significant Remote Contingencies**

At 30 June 2014, the ACC did not have any significant remote contingencies (2013: Nil).

## Note 12: Senior Executive Remuneration

Note 12A: Senior Executive Remuneration Expenses for the Reporting Period		
	2014 \$	2013 \$
<b>Short-term employee benefits</b>		
Salary	2,652,876	3,169,030
<b>Total short-term employee benefits</b>	<b>2,652,876</b>	<b>3,169,030</b>
<b>Post-employment benefits</b>		
Superannuation	340,064	449,794
<b>Total post-employment benefits</b>	<b>340,064</b>	<b>449,794</b>
<b>Other long-term employee benefits</b>		
Annual leave accrued	22,270	-43,854
Long-service leave	11,287	34,471
<b>Total other long-term employee benefits</b>	<b>33,557</b>	<b>-9,383</b>
<b>Termination benefits</b>		
Termination benefits	510,243	-
<b>Total termination benefits</b>	<b>510,243</b>	<b>-</b>
<b>Total senior executive remuneration expenses</b>	<b>3,536,740</b>	<b>3,609,441</b>

1. Note 12A is prepared on an accrual basis.
2. Note 12A excludes acting arrangements and part-year service where total remuneration expensed for a senior executive was less than \$195,000.

## Note 12: Senior Executive Remuneration (continued)

## Note 12B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives during the Reporting Period

## Average annual reportable remuneration paid to substantive senior executives in 2014

Average annual reportable remuneration <sup>1</sup>	Substantive senior executives	No.	Reportable salary <sup>2</sup>	Contributed superannuation <sup>3</sup>	Reportable allowances <sup>4</sup>	Bonus paid <sup>5</sup>	Total reportable remuneration
			\$	\$	\$	\$	\$
<b>Total reportable remuneration (including part-time arrangements)</b>							
Less than \$195,000		4	103,650	12,371	-	-	116,021
\$195,000 to \$224,999		5	185,447	27,695	-	-	213,142
\$225,000 to \$254,999		3	208,267	32,574	-	-	240,841
\$255,000 to \$284,999		1	227,724	30,136	-	-	257,860
\$345,000 to \$374,999		1	322,850	40,272	-	-	363,122
\$435,000 to \$464,999		1	424,973	14,425	-	-	439,398
<b>Total number of substantive senior executives</b>		<b>15</b>					

## Average annual reportable remuneration paid to substantive senior executives in 2013

Average annual reportable remuneration <sup>1</sup>	Substantive senior executives	No.	Reportable salary <sup>2</sup>	Contributed superannuation <sup>3</sup>	Reportable allowances <sup>4</sup>	Bonus paid <sup>5</sup>	Total reportable remuneration
			\$	\$	\$	\$	\$
<b>Total reportable remuneration (including part-time arrangements)</b>							
Less than \$195,000		2	157,389	23,956	-	-	181,345
\$195,000 to \$224,999		4	178,619	27,097	-	-	205,716
\$225,000 to \$254,999		6	205,816	27,485	-	-	233,301
\$255,000 to \$284,999		2	234,484	35,500	-	-	269,984
\$405,000 to \$434,999		1	392,223	36,340	-	-	428,563
<b>Total number of substantive senior executives</b>		<b>15</b>					

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.

2. 'Reportable salary' includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
- b) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes);
- c) reportable employer superannuation contributions; and
- d) exempt foreign employment income.

3. The 'contributed superannuation' amount is the average cost to the ACC for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.

4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

5. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. There were no bonuses paid during 2013/14 financial year 'senior executives'.



## Note 12: Senior Executive Remuneration (Continued)

## Note 12C: Average Annual Reportable Remuneration Paid to Other Highly Paid staff during the Reporting Period

## Average annual reportable remuneration paid to other highly paid staff in 2014

Average annual reportable remuneration <sup>1</sup>	Other highly paid Staff No.	Reportable salary <sup>2</sup> \$	Contributed superannuation <sup>3</sup> \$	Reportable allowances <sup>4</sup> \$	Bonus paid <sup>5</sup> \$	Total reportable remuneration \$
Total reportable remuneration (including part-time arrangements)	1	376,963	46,489	-	-	423,452
Total number of other highly paid staff	1					

## Average annual reportable remuneration paid to other highly paid staff in 2013

Average annual reportable remuneration <sup>1</sup>	Other highly paid Staff No.	Reportable salary <sup>2</sup> \$	Contributed superannuation <sup>3</sup> \$	Reportable allowances <sup>4</sup> \$	Bonus paid <sup>5</sup> \$	Total reportable remuneration \$
Total reportable remuneration (including part-time arrangements)						
\$285,000 to \$314,999	1	270,127	21,053	-	-	291,180
\$375,000 to \$404,999	1	345,114	43,297	-	-	388,411
Total number of other highly paid staff	2					

1. This table reports staff:

- a) who were employed by the ACC during the reporting period;
- b) whose reportable remuneration was \$195,000 or more for the reporting period; and
- c) were not required to be disclosed in Table B or director disclosures.

Each row is an averaged figure based on headcount for individuals in the band.

2. 'Reportable salary' includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
- b) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes);
- c) reportable employer superannuation contributions; and
- d) exempt foreign employment income.

3. The 'contributed superannuation' amount is the average cost to the ACC for the provision of superannuation benefits to other highly paid staff in that reportable remuneration band during the reporting period.

4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

5. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. There were no bonuses paid during 2013/14 financial year 'other highly paid staff'.

## Note 13: Remuneration of Auditors

	2014 \$'000	2013 \$'000
--	----------------	----------------

Financial statement audit services were provided free of charge to the ACC by the Australian National Audit Office (ANAO).

### Fair value of the services received

Financial statement audit services	92	88
<b>Total fair value of services received</b>	<b>92</b>	<b>88</b>

No other services were provided by the auditors of the financial statements.

## Note 14: Financial Instruments

	2014 \$'000	2013 \$'000
<b>Note 14A: Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	1,317	1,973
Trade and other receivables	140	463
<b>Total loans and receivables</b>	<b>1,457</b>	<b>2,436</b>
<b>Total financial assets</b>	<b>1,457</b>	<b>2,436</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors and accruals	4,987	3,871
<b>Total financial liabilities measured at amortised cost</b>	<b>4,987</b>	<b>3,871</b>
<b>Total financial liabilities</b>	<b>4,987</b>	<b>3,871</b>

### Note 14B: Net Gains or Losses on Financial Assets and Liabilities

There was no income or expense from the financial assets or liabilities in the year ended 2014 (2013: Nil).

### Note 14C: Fair Value of Financial Instruments

There were no financial assets or financial liabilities in the ACC with carrying amounts that were not considered to be a reasonable approximation of fair value.

The ACC categorises cash and cash equivalents, trade and other receivables as financial assets and trade creditors and accruals as financial liabilities measured at amortised cost; with the exception of prepayments and other payables which are categorised as other non-financial assets and liabilities and measured at their nominal amounts.

## Note 14: Financial Instruments (continued)

**Note 14D: Credit Risk**

The ACC is exposed to minimal credit risk on financial assets, represented by cash and cash equivalents and trade and other receivables. For the purposes of this note appropriations receivable are not disclosed as financial instruments as it does not meet the definition of a financial asset. The maximum exposure to credit risk is the risk that arises from potential default by debtors. This amount was equal to total receivables for goods and services, in 2014: \$0.140m (2013: \$0.463m). The ACC has assessed the risk of the default on payment to be Nil in 2014 (2013: Nil).

The ACC manages its credit risk by undertaking a robust debtor management program. In addition, the ACC has procedures to guide the debt recovery processes that are to be applied. The ACC does not require collateral in respect of trade and other receivables. As at 30 June 2014 the ACC has determined that all the outstanding debtors are expected to be settled in 2014–15 financial year.

**Credit quality of financial assets not past due or individually determined as impaired**

	Not past due nor impaired 2014 \$'000	Not past due nor impaired 2013 \$'000	Past due or impaired 2014 \$'000	Past due or impaired 2013 \$'000
Cash and cash equivalents	1,317	1,973	-	-
Receivables for goods and services	140	238	-	225
<b>Total</b>	<b>1,457</b>	<b>2,211</b>	<b>-</b>	<b>225</b>

**Ageing of financial assets that were past due but not impaired for 2014**

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for goods and services	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Ageing of financial assets that were past due but not impaired for 2013**

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for goods and services	-	225	-	-	225
<b>Total</b>	<b>-</b>	<b>225</b>	<b>-</b>	<b>-</b>	<b>225</b>

**Note 14E: Liquidity Risk**

The ACC's financial liabilities are trade creditors and accruals. The exposure to liquidity risk is based on the notion that the ACC will encounter difficulty in meeting its obligation associated with financial liabilities. This is highly unlikely due to appropriation funding mechanisms available to the ACC (eg Advance to the Finance Minister) and internal policies and procedures in place to ensure there are appropriate resources to meet its financial management obligations.

The ACC has no past experience of defaults.

Financial liabilities represent current liabilities which are expected to mature within 30 days.

**Note 14F: Market Risk**

The ACC holds basic financial instruments that do not expose the ACC to any market risk. The ACC is not exposed to currency or price risk.

## Note 15: Financial Assets Reconciliation

	Notes	2014 \$'000	2013 \$'000
<b>Total financial assets as per statement of financial position</b>		<b>30,707</b>	31,284
<b>Less: Non-financial instrument components</b>			
Appropriations receivable	6B	<b>28,588</b>	28,469
GST receivables	6B	<b>662</b>	379
<b>Total non-financial instrument components</b>		<b>29,250</b>	28,848
<b>Total financial assets as per financial instruments note</b>		<b>1,457</b>	2,436

## Note 16: Appropriations

## Note 16A: Annual Appropriations ('Recoverable GST exclusive')

## Annual Appropriations for 2014

	Appropriation Act			FMA Act			Total appropriation \$'000	Appropriation applied in 2014 (current and prior years) \$'000	Variance <sup>2&amp;3</sup> \$'000
	Annual Appropriation <sup>1</sup> \$'000	Appropriations reduced \$'000	AFM \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000			
<b>Departmental</b>									
Ordinary annual services	92,237	-	-	-	7,723	-	99,960	-100,349	-389
Other services									
Equity	573	-	-	-	-	-	573	-573	-
<b>Total departmental</b>	<b>92,810</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,723</b>	<b>-</b>	<b>100,533</b>	<b>-100,922</b>	<b>-389</b>

1. Annual appropriation includes departmental appropriation of \$90.495m and a Departmental Capital Budget of \$1.742m.
2. The variance of \$0.389m indicates ACC spent some of its unused appropriation from last year towards capital projects.
3. Equity - Equity injection fully exhausted.

## Annual Appropriations for 2013

	Appropriation Act			FMA Act			Total appropriation \$'000	Appropriation applied in 2013 (current and prior years) \$'000	Variance <sup>3&amp;4</sup> \$'000
	Annual Appropriation <sup>1&amp;2</sup> \$'000	Appropriations reduced \$'000	AFM \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000			
<b>Departmental</b>									
Ordinary annual services	91,727	-	-	-	8,633	-	100,360	-98,280	2,080
Other services									
Equity	196	-	-	-	-	-	196	-196	-
<b>Total departmental</b>	<b>91,923</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,633</b>	<b>-</b>	<b>100,556</b>	<b>-98,476</b>	<b>2,080</b>

1. Annual appropriation includes departmental appropriation of \$88.973m and a Departmental Capital Budget of \$2.754m.
2. This year Department of Finance quarantined \$0.337m from the annual appropriation as part of portfolio savings measure. The amount wasn't effectively removed until the determination was passed after 30 June 2013, hence the total appropriation for the year was grossed up by the \$0.337m.
3. The variance of \$0.298m has been restated as \$2.080m mainly due to the removal of 'recoverable GST' from the ATO. The variance indicates unspent funds held in the bank as at 30 June 2013.
4. Equity - Equity injection fully exhausted.

## Note 16: Appropriations (continued)

Note 16B: Departmental Capital Budgets ('Recoverable GST exclusive')						
	2014 Capital Budget Appropriations			Capital Budget Appropriations applied in 2014 (current and prior years)		
	Appropriation Act		FMA Act			Variance \$'000
	Annual Capital Budget \$'000	Appropriations reduced \$'000	Section 32 \$'000	Total Capital Budget Appropriations \$'000	Payments for non-financial assets <sup>2</sup> \$'000	
<b>Departmental</b>						
Ordinary annual services -						
Departmental Capital Budget <sup>1</sup>	1,742	-	-	1,742	-1,742	-1,742

1. Departmental Capital Budgets are appropriated through Appropriation Act (No.1). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
2. Payments made on non-financial assets include purchases of assets and expenditure on assets which has been capitalised.

	2013 Capital Budget Appropriations			Capital Budget Appropriations applied in 2013 (current and prior years)		
	Appropriation Act		FMA Act			Variance \$'000
	Annual Capital Budget \$'000	Appropriations reduced \$'000	Section 32 \$'000	Total Capital Budget Appropriations \$'000	Payments for non-financial assets <sup>2</sup> \$'000	
<b>Departmental</b>						
Ordinary annual services -						
Departmental Capital Budget <sup>1</sup>	2,754	-	-	2,754	-2,754	-2,754

1. Departmental Capital Budgets are appropriated through Appropriation Act (No.1). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
2. Payments made on non-financial assets include purchases of assets and expenditure on assets which has been capitalised.

## Note 16: Appropriations (continued)

**Note 16C: Unspent Annual Appropriations ('Recoverable GST exclusive')**

	2014 \$'000	2013 \$'000
<b>Departmental</b>		
Appropriations Act (No.1) 2013-14 <sup>1</sup>	28,588	-
Appropriations Act (No.1) 2012-13 <sup>2</sup>	-	28,806
Cash at bank <sup>3</sup>	1,317	1,973
<b>Total departmental</b>	<b>29,905</b>	<b>30,779</b>

1. The Appropriation Act (No.1) balance for 2013–2014 represents unused appropriation for the year.

2. The Appropriation Act (No.1) balance for 2012–2013 represents unused appropriation for the year.

3. Cash at bank represents funds withdrawn from OPA but unspent as at 30 June.



## Note 17: Compensation and Debt Relief

	2014 \$'000	2013 \$'000
<b>Note 17: Compensation and Debt Relief - Departmental</b>		
No 'Act of Grace payments' were expensed during the reporting period, and there were no amounts owing as at balance date (2013: Nil).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2013: Nil).	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period (2013: Nil).	-	-
No ex-gratia payments were provided for during the reporting period (2013: Nil).	-	-
No payments were provided in special circumstances relating to APS employment pursuant to <i>Section 73 of the Public Service Act 1999 (PS Act)</i> during the reporting period (2013: Nil).	-	-

## Note 18: Assets Held in Trust

### **Monetary assets**

The ACC had no monetary assets held in trust as at 30 June 2014.

### **Non-monetary assets**

The ACC had no non-monetary assets held in trust as at 30 June 2014.

## Note 19: Reporting of Outcomes

### Note 19A: Net Cost of Outcome Delivery

	Outcome 1		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Departmental</b>				
Expenses	105,855	103,289	105,855	103,289
Own-source income	-8,830	-9,713	-8,830	-9,713
<b>Net cost of outcome delivery</b>	<b>97,025</b>	93,576	<b>97,025</b>	93,576

Outcome 1 is described in Note 1.1. Net costs shown included intra-government costs that were eliminated in calculating the actual Budget Outcome.

### Note 19B: Major Classes of Departmental Expenses, Income, Assets and Liabilities by Outcome

The ACC has one outcome hence disclosure of Expenses, Income, Assets and Liabilities by major activity is not required.

## Note 20: Net Cash Appropriation Arrangements

	2014 \$'000	2013 \$'000
<b>Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>1,030</b>	3,143
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<b>-7,347</b>	-7,942
<b>Total comprehensive (loss) - as per the Statement of Comprehensive Income</b>	<b>-6,317</b>	-4,798

1. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

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End of financial statements



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serious and organised crime.



# 8

## Appendices and references

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# Appendix A: List of requirements

Part of report	Description	Requirement	References
	Letter of transmittal	Mandatory	Inside front cover
	Table of contents	Mandatory	Page 3
	Index	Mandatory	Page 230
	Glossary	Mandatory	Page 224
	Contact officer(s)	Mandatory	Inside back cover
	Internet home page address and Internet address for report	Mandatory	Inside back cover
<b>Review by Secretary</b>			
	Review by departmental secretary	Mandatory	Pages 12–14
	Summary of significant issues and developments	Suggested	Pages 12–14
	Overview of department's performance and financial results	Suggested	Pages 11–14
	Outlook for following year	Suggested	Page 14
	Significant issues and developments—portfolio	Portfolio departments (Suggested)	Not applicable
<b>Departmental overview</b>			
	Role and functions	Mandatory	Pages 1, 8–11
	Organisational structure	Mandatory	Pages 10, 104
	Outcome and program structure	Mandatory	Page 18
	Where outcome and program structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	Not applicable
	Portfolio structure	Mandatory for portfolio departments	Not applicable
<b>Report on performance</b>			
	Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	Pages 20–23 Chapters 2–4
	Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	Pages 2–23, 201
	Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory	Not applicable
	Narrative discussion and analysis of performance	Mandatory	Chapters 1–5
	Trend information	Mandatory	Not applicable*
	Significant changes in nature of principal functions/services	Suggested	Not applicable
	Performance of purchaser/provider arrangements	Suggested, if applicable	Not applicable
	Factors, events or trends influencing departmental performance	Suggested	Not applicable
	Contribution of risk management in achieving objectives	Suggested	Pages 116–118, 123–124
	Performance against service charter customer service standards, complaints data, and the department's response to complaints	Mandatory, if applicable	Not applicable
	Discussion and analysis of the department's financial performance	Mandatory	Pages 149–155

\* Trend information is not possible this year, as this is the first year of our new performance framework and KPIs.



Part of report	Description	Requirement	References
	Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations.	Mandatory	Not applicable
	Agency resource statement and summary resource tables by outcomes	Mandatory	Page 153, 201
<b>Management and accountability</b>			
Corporate governance			
	Agency heads are required to certify that their agency complies with the 'Commonwealth Fraud Control Guidelines'	Mandatory	Inside front cover
	Statement of the main corporate governance practices in place	Mandatory	Pages 102–133
	Names of the senior executive and their responsibilities	Suggested	Pages 104–113
	Senior management committees and their roles	Suggested	Pages 114–116
	Corporate and operational plans and associated performance reporting and review	Suggested	Pages 116–121
	Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested	Pages 122–124
	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	Pages 122–126
	How nature and amount of remuneration for SES officers is determined	Suggested	Page 140
External scrutiny			
	Significant developments in external scrutiny	Mandatory	Not applicable
	Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	Mandatory	Pages 133–135
	Reports by the Auditor-General, a Parliamentary Committee, the Commonwealth Ombudsman or an agency capability review	Mandatory	Pages 132–133
Management of human resources			
	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	Pages 142, 144
	Workforce planning, staff retention and turnover	Suggested	Pages 140–142
	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and Australian Workplace Agreements (AWAs)	Suggested	Page 139
	Training and development undertaken and its impact	Suggested	Pages 142–144
	Work health and safety performance	Suggested	Pages 144, 212–215
	Productivity gains	Suggested	Pages 88, 99
	Statistics on staffing	Mandatory	Pages 136–140, 220–223
	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	Page 144
	Performance pay	Mandatory	Page 139

Part of report	Description	Requirement	References
Asset management			
	Assessment of effectiveness of assets management	If applicable, mandatory	Page 154
Purchasing			
	Assessment of purchasing against core policies and principles	Mandatory	Page 155
Consultants			
	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory	Page 155
Australian National Audit Office Access Clauses			
	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	Page 155
Exempt contracts			
	Contracts exempted from publication in AusTender	Mandatory	Page 155
Financial statements			
	Financial statements	Mandatory	Pages 156–203
Other mandatory information			
	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i> )	Mandatory	Pages 144, 212–215
	Advertising and Market Research (section 311A of the <i>Commonwealth Electoral Act 1918</i> ) and statement on advertising campaigns	Mandatory	Page 219
	Ecologically sustainable development and environmental performance (section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i> )	Mandatory	Pages 145–147
	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	Mandatory, if applicable	Not applicable
	Grant programs	Mandatory	Page 155
	Disability reporting—explicit and transparent reference to agency level information available through other reporting mechanisms	Mandatory	Page 139
	Information Publication Scheme statement	Mandatory	Pages 133, 216–218
	Correction of material errors in previous annual report	Mandatory, if applicable,	Not applicable
	Agency Resource Statements and Resources for Outcomes	Mandatory	Pages 153, 196
	List of requirements	Mandatory	Page 206

## Appendix B: PBS excerpt

As required, this report reviews our performance against the outcome strategy, deliverables and key performance indicators in our 2013–14 PBS. The relevant excerpt is included here.

Our complete PBS is at <[www.crimecommission.gov.au](http://www.crimecommission.gov.au)>.

### Outcome 1

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.

### Outcome 1 strategy

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

### Program 1.1

Australian Crime Commission

### Program 1.1 objective

Aiming to reduce threats of most harm to Australians and the national interest, the ACC will discover and understand new and emerging threats and will fill intelligence gaps, enabling it to build the national picture of serious and organised crime. The ACC will respond by prioritising its work to better understand the highest risks. This will lead to developing new prevention strategies and contributing to nationally coordinated actions and activities. Under the guidance of its Board, the ACC will utilise special investigations, intelligence operations and joint task forces and collaborate with partners to better understand the serious and organised crime environment and will influence or enable appropriate responses. The ACC will provide strategic criminal intelligence for its partner agencies across all levels of government. Combined with the specialist capabilities of the ACC, this will help build a more comprehensive national picture of serious and organised crime. Efforts will continue to be focused on preventing and disrupting serious and organised crime groups by seeking to harden the environment and by disabling or dismantling them through enforcement, regulation, policy or legislative responses.

Linked to: Department of Human Services, Program 1.1: Services to the Community.

Program 1.1 deliverables	Reference
Ongoing development of National Criminal Intelligence Priorities, for endorsement by the ACC Board, which inform the criminal intelligence collection requirements of Commonwealth, state and territory law enforcement agencies, and contribute to the national understanding of serious and organised crime.	Page 92
A biennial Organised Crime Threat Assessment, which underpins the Commonwealth Organised Crime Strategic Framework.	Page 28
Provision of national advice on serious and organised crime.	Chapter 2
Intelligence that identifies and provides insights on new and emerging serious and organised crime threats, trends and methodologies, significant criminal targets and emerging issues.	First 'Discover' KPI in scorecard on page 20
The filling of intelligence gaps through the identification of vulnerabilities and indicators of serious and organised crime.	Second 'Discover' KPI in scorecard on page 20
Influential strategic intelligence reports, which provide partner agencies with intelligence that supports them to focus resources and strategies to combat serious and organised crime.	Chapter 2
Leading-edge intelligence-sharing mechanisms, including the National Criminal Intelligence Fusion Capability, to enhance law enforcement intelligence holdings and support the achievement of strategic and operational outcomes.	Pages 88–95
In collaboration with law enforcement and related Commonwealth, state and territory government agencies, undertaking intelligence operations and special investigations, which gather relevant information about the extent, impact and threat of criminal activity.	Chapters 3 and 4
Provision of a national criminal intelligence database and analytical tools, which facilitate the sharing and analysis of criminal intelligence across jurisdictions.	Pages 94–95
Participation with and coordination of partner agencies in joint investigations and operations that optimise collective capabilities to prevent and disrupt serious and organised crime.	Third 'Respond' KPI in scorecard on page 23
Use of specialist capabilities, including coercive powers, under special intelligence operations and special investigations, which enables the ACC to collect information that may not otherwise be available to law enforcement.	Chapters 3 and 4
In addition to collecting criminal intelligence, special investigations are designed to disrupt and deter criminal activity through arrests and seizure of illegally obtained assets, in cooperation with partner agencies.	Chapter 3 and aspects of second 'Respond' KPI on page 22

Program 1.1 key performance indicators	Reference
<p>The ACC has a commitment to better indicate value and report the quality of ACC results. The ACC has revised its key performance indicators to reflect the agency's strategic outlook for 2013–18. Traditionally, quantitative performance measures have been the mainstay of ACC performance reporting. Alone, they do not adequately describe the full value the ACC brings to the Australian effort to coordinate capabilities and combat national serious and organised crime. The ACC will maintain quantitative data to complement the following new indicators:</p> <ul style="list-style-type: none"> <li>■ The ACC produces useful intelligence that identifies and provides insights on new and emerging serious and organised crime threats.</li> <li>■ The ACC fills intelligence gaps through the identification of vulnerabilities and indicators of serious and organised crime.</li> <li>■ The ACC collects and maintains national intelligence holdings of serious and organised crime threats and targets.</li> <li>■ The ACC interprets and analyses national holdings to create a national serious and organised crime intelligence picture.</li> <li>■ The ACC informs and influences hardening of the environment against serious and organised crime.</li> <li>■ The ACC influences or enables the disruption, disabling or dismantling of serious and organised crime.</li> <li>■ The ACC participates in or coordinates collaboration in joint investigations and operations to prevent and disrupt serious and organised crime.</li> </ul>	<p>Scorecard on pages 20–23</p>

# Appendix C: Work Health and Safety

We developed and issued our Work Health and Safety (WHS) framework to all staff this year to enhance understanding of and adherence to relationships between the *Work Health and Safety Act 2011* (WHS Act), *Safety Rehabilitation and Compensation Act 1988* (SRC Act), Approved Codes of Practice and Comcare Guidance Notes.

Other specific WHS activities this year included the following:

- We continued to work closely with our Senior Executive to ensure they understand their due diligence obligations and have sufficient systems in place to meet these obligations.
- We strengthened risk management arrangements.
- We reviewed work health and safety governance arrangements in line with Codes of Practice issues by Safe Work Australia.
- We reviewed and reissued our WHS Training Guidelines and Workplace Inspection and Housekeeping Policy.
- We developed and implemented our rehabilitation Management System and completed the first annual audit as required by legislation. The audit found six areas of non-conformance, which we have since addressed, and our CEO has signed the Certificate of Compliance.
- We reviewed and updated our Rehabilitation and Injury Management Policy in line with changes to the *Safety Rehabilitation and Compensation Act 1988*. Following consultation with all staff we reviewed and updated our Drug and Alcohol Policy and standard operating procedures. These outline our approach to deterring and detecting drugs and alcohol abuse by all ACC workers. Key changes to the Drug and Alcohol Policy include:
  - Drug testing is via a urine sample collected on site and sent offsite for laboratory testing. Saliva testing is no longer used.

- All employees (100 per cent) working in ‘high risk’ areas will continue to be subjected to unannounced testing.
- Random unannounced testing began for all other employees from November 2013.
- To support the new policy, we released a Drug and Alcohol e-Learning Module to all staff in October 2013. The purpose of the module is to help staff understand the impact and consequences that drug and alcohol abuse can have both on individuals and the agency as a whole.
- We reviewed our Workplace Behaviours Policy and rolled out our ‘Respectful Workplaces’ training to all staff.

## National Work Health and Safety Committee

The National Work Health and Safety Committee meets quarterly and is responsible for:

- supporting the ACC Executive by helping develop, review and implement measures designed to protect and proactively manage health and safety of workers
- promoting and monitoring measures to ensure safe work practices
- facilitating consultation and communication of information to workers in relation to WHS matters
- undertaking functions as prescribed in the *Work Health Safety Act 2011* or Regulations
- undertaking relevant functions required of the ACC
- reviewing and monitoring all policies, guidelines and practices within the ACC as they relate to the health and safety of workers, and making appropriate recommendations for the development of ACC specific policies, procedures and guidelines.

## Consultative arrangements

We consulted extensively with workers during 2013–14 on work health and safety policy and guidelines—the key one being the Drug and Alcohol Policy.

Our National Work Health and Safety Committee is the conduit for consultation with employees on all WHS issues. Local Work Health and Safety Committees meet regularly and provide input to the National Committee. To ensure all workers are aware of our Work Health and Safety Management Arrangements and new and revised policies, we use multiple communication channels, including ‘All staff’ emails, internal staff newsletters, minutes of meetings, our intranet policy page, local and national induction, our Health and Safety Representative network and the National and Local Consultative Committees.

## Dispute resolution mechanisms

We adopt the main objective of the *Work Health and Safety Act 2011* to provide fair and effective workplace representation, consultation, cooperative and issue resolution in relation to work health safety. Our Work Health and Safety Management Arrangements provide a framework for resolving health and safety issues that arise in the workplace for promoting a cooperative and consultative approach to managing and resolving these issues.

## Initiatives to ensure health, safety and welfare of workers

We are committed to maintaining a safe and healthy workplace and empowering the health, safety and wellbeing of workers. Key programs are outlined below.

### ACActive Health and Wellbeing Program

Our ACActive Health and Wellbeing program continues to evolve with staff input, and reviews of better practice and new initiatives. The program is moving into its sixth year and aims to:

- help staff make positive health and behaviour changes

- promote a culture which supports healthy and happy lifestyles
- provide a central source for health and wellbeing information and resources
- energise staff to take ownership of ACActive initiatives in their offices
- demonstrate our commitment to the health of employees
- encompass a broad view of health including physical, mental and social aspects

Key initiatives of the program included:

- promoting the ACActive Health and Wellbeing Program, with a new 12-month calendar of events providing more structured monthly activities, and through our ACActive Officers in each state who raise awareness of the benefits of health and wellbeing both inside and outside the office
- updating the ACActive intranet page with information on health and wellbeing
- publishing minutes of ACActive Officers’ quarterly meetings
- publishing monthly articles on aspects of the health and wellbeing program (physical, mental, community, financial and social)
- promoting ACActive stories showing how individuals and groups have realised health or other benefits from changing their behaviour
- providing ACActive rewards—fitness, wellbeing and/or health products provided as prizes or in recognition of appropriate health or wellbeing behaviour
- reviewing working hours data each month to identify employees who may be at risk from continued high workloads or pressures.

ACActive Health and Wellbeing events this year included promotion of Work Health and Safety Month during October 2013. This year’s theme was *Safety is a frame of mind. Get the picture*. At health and safety morning teas employees could meet our Health and Safety Representatives, Fire Wardens, First Aid Officers and Harassment Contact Officers.

## Hazard reduction programs

We take a proactive approach to identify and control hazards in the workplace. Through this approach, we have reduced the impact on workers and reduced the likelihood of injury and associated costs. We achieve this by developing work health safety skills and awareness among employees through:

- continued focus on identifying hazards within work areas and ensuring that risk mitigation strategies are in place and captured centrally in Branch Risk registers
- providing ongoing training for Health and Safety Representatives as per the requirements of the *Work Health and Safety Act 2011*
- reviewing our First Aid Policy in line with the approved code of practice for first aid
- training new and existing harassment contact officers and first aid officers
- assessing individual workstation configurations (42 individual assessments—internal assessments for most staff and external assessments for staff with pre-existing or ongoing injuries)
- training assessors in each ACC office to conduct assessments for staff who do not have a pre-existing condition or injury
- continuing to implement our 'Work Pace' software
- providing flu vaccinations (205 employees 2013–14)
- providing access to an Employee Assistance Program (Employee Assist and Manager Assist, mediation services, awareness seminars)
- offering eye sight testing and reimbursement for purchase of glasses
- offering audiometric testing to all at-risk staff

- implementing targeted and random unannounced drug and alcohol testing of high risk and non-high risk employees (220 tests)
- conducting regular workplace inspections to identify hazards and appropriate control measures
- providing first aid kits for all fleet and operational vehicles following an audit
- requiring our Senior Executive to complete checklists to ensure they are meeting due diligence obligations under current legislation
- reviewing emergency plans for each state office in line with guidance received from Safe Work Australia
- promoting the Harassment Contact Officer network and including an Harassment Contact Officer representative at National Work Health Safety Committee Meetings.

## Drug and alcohol testing

Our drug and alcohol policy seeks to identify and eliminate harm from the effects of drugs and alcohol in the workplace. Our policy aims to deter drug and alcohol abuse by employees.

Our position on drugs and alcohol is:

- zero tolerance in relation to the use, possession, sale and distribution of illicit drugs for all ACC employees at all times
- zero blood alcohol concentration for ACC employees working in high risk areas and less than 0.05 blood alcohol concentration for all other ACC employees while at an ACC workplace or on official ACC duty.

During 2013–14 there was one positive test result, which was referred to the Executive Health Panel for action.



## Health and safety outcomes achieved as a result of initiatives

We are committed to supporting employees with work-related injuries or illness. As outlined in our Rehabilitation Management System, early intervention is a key strategy. In partnership with other health initiatives we run, this has led to a decrease in claims this financial year.

Year	Accepted compensation claims
2008–09	7
2009–10	2
2010–11	4
2011–12	5
2012–13	6
2013–14	4

## Incident and injury

There were 31 injuries or incidents internally reported in 2013–14, one more than last year. These are displayed below by mechanism of injury.

Mechanism of injury	Number in 2013–14
Being hit by moving object	0
Biological factors	0
Body stressing	16
Falls, trips, slips	5
Other and unspecified	8
Heat and electrical	0
Hazard/near miss	2
<b>Total</b>	<b>31</b>

In 2013–14, we engaged industry professionals to assist with:

- external case management services for both compensable and non-compensable injuries
- workstation assessments for staff as a result of pain and discomfort, injury, change in work practices or when new equipment was installed.

## Accident or dangerous occurrence statistics

Under section 38 of the *Work Health and Safety Act 2011*, we are required to notify Comcare immediately after becoming aware of any deaths, serious personal injury or dangerous incident. There were two notifiable incidents during 2013–14. We undertook risk management activities and put controls in place to reduce the likelihood of the same type of incidents occurring again.

## Work health and safety investigations

We were not required to participate in or undertake any external work health and safety investigations in 2013–14.

We continued to focus on early intervention strategies to engage with workers and get them back to work as quickly and safely as possible.

## ACC workers' compensation premium rate

The Agency Premium Rate provides an indication of the employer's effectiveness in preventing injury or illness and in helping its employees to return to work quickly and safely after a work-related injury or illness.

Last year, Comcare adopted a premium setting framework to restore full funding of the workers' compensation scheme over 10 years, by adding an explicit margin in the premium pool. As a result, we paid a penalty amount of \$107 473 for 2014–15, which was in addition to the premium. Had this not occurred, the ACC would have received a bonus payment.

At 1.70 per cent, we remain below the overall premium rate for Commonwealth agencies, which increased to 2.12 per cent for 2014–15.

# Appendix D: Freedom of Information report

During 2013–14, the ACC received 41 requests for information under the *Freedom of Information Act 1982* (FOI Act).

## Statement

Statement under section 8 of the FOI Act.

Prior to reforms that came into effect on 1 May 2011, section 8 of the FOI Act required agencies to publish annually statements containing particulars and information about their organisation, functions, decision-making powers, consultative arrangements, categories of documents maintained and facilities and procedures to enable members of the public to obtain access to documents under the FOI Act. These statements were required by the FOI Act to be included in the annual report of each agency.

From 1 May 2011 agencies subject to the FOI Act are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. An agency plan showing what information is published under the IPS requirements is accessible from our website.

The following statement is correct as at 30 June 2014.

## Establishment

The ACC was established by the *Australian Crime Commission Act 2002* (ACC Act), and commenced operations on 1 January 2003. The ACC was created by the amalgamation of three agencies: the National Crime Authority; the Australian Bureau of Criminal Intelligence; and the Office of Strategic Crime Assessments.

## Organisation

The ACC is a Commonwealth statutory body established under section 7(1) of the ACC Act, and a prescribed agency for the purposes of the *Financial Management and Accountability Act 1997* (FMA Act)—which is replaced by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) from 1 July 2014.

Section 7(2) of the ACC Act states that the ACC consists of: a) the CEO b) the Examiners c) the members of the staff of the ACC.

The ACC's functions are listed under section 7A of the ACC Act. They are:

- a) to collect, correlate, analyse and disseminate criminal information and intelligence and to maintain a national database of that information and intelligence
- b) to undertake, when authorised by the Board, intelligence operations
- c) to investigate, when authorised by the Board, matters relating to federally relevant criminal activity
- (ca) to do any of the following (whether in its own name or through officers or members of staff of the ACC), as permitted or required for the purposes of Part IAB or IABA of the *Crimes Act 1914* or any other law of the Commonwealth
  - (i) to apply for, and to grant, integrity authorities in relation to members of staff of the ACC
  - (ii) to conduct and participate in integrity operations in relation to members of staff of the ACC
  - (iii) to assist the Australian Federal Police, Customs or the Australian Commission for Law Enforcement Integrity in making applications for integrity authorities
  - (iv) to assist those agencies in the conduct of integrity operations
- d) to provide reports to the Board on the outcomes of those operations and investigations
- e) to provide strategic criminal intelligence assessments, and any other criminal information and intelligence to the Board
- f) to provide advice to the Board on National Criminal Intelligence Priorities
- g) such other functions as are conferred on the ACC by their provisions of the ACC Act or by any other Act.

## Decision-making powers and powers affecting members of the public

The ACC has powers which may affect members of the public. The ACC has, in certain circumstances, the power to:

- a) require information from certain Commonwealth agencies
- b) receive information from a state, or an authority of a state under arrangements made by the Commonwealth Minister
- c) make arrangements with any other body or person to receive information
- d) apply for the issue of a search warrant, in some cases by telephone
- e) summon a person to appear before it to give evidence
- f) require a person to produce documents
- g) apply for a court order requiring a witness to deliver his/her passport to the ACC
- h) apply for a warrant for the arrest of a witness considered likely to leave Australia
- i) apply for a warrant for the interception of communications in respect of a telecommunications service
- j) apply to a court for a witness to be dealt with for contempt
- k) apply for a surveillance device warrant in its own right for the investigation of certain federal offences and for certain state offences with a federal aspect.

## External consultation

The ACC Board exists independently of the ACC. The Board determines National Criminal Intelligence Priorities, provides strategic direction, and determines whether intelligence operations or investigations are special operations or special investigations. The Board also establishes taskforces and reports to the Inter-Governmental Committee on the ACC on the ACC's performance.

The Inter-Governmental Committee on the ACC monitors generally the work of the ACC and the ACC Board and oversees the strategic direction of the ACC and the ACC Board. The Inter-Governmental Committee on the ACC comprises the relevant Commonwealth Minister and a Minister from each participating state and territory.

The Parliamentary Joint Committee on Law Enforcement has a role to monitor and review the ACC. Although not specifically provided for in the ACC Act, the ACC consults with the Ministerial Council for Police and Emergency Management—Police, and the Heads of Commonwealth Operational Law Enforcement Agencies.

## Categories of documents

The following documents are available from <[www.comlaw.gov.au](http://www.comlaw.gov.au)>:

- *Australian Crime Commission Act 2002*
- Australian Crime Commission Regulations.

In addition, the following documents are available from the ACC on request:

- National Crime Authority annual reports 1984–85 to 2001–02 (also on our website)
- Australian Crime Commission annual reports 2002–03 to 2013–14 (also on our website)
- National Complex White Collar Crime conference papers (June 1992)
- Working Party papers—Proceeds of Crime Conference (June 1993)
- National Proceeds of Crime conference papers (June 1993)
- Liberty, Law enforcement accountability—National Conference with the Victorian Council for Civil Liberties, Proceedings (April 1993)
- Strategic Crime Intelligence Explained (June 1994)
- Operation Cerberus, Italo-Australian Organised Crime—Bulletin (November 1995)
- Assessment for the Potential for Fraud in the Australian Superannuation System (November 1996)

- Organised Crime in Australia—National Crime Authority Commentary 2001
- Organised Crime in Australia 2008, 2009, 2011 and 2013 (also on our website)
- Australian Illicit Drug Data Reports 1989–90 to 2001–02
- Illicit Drug Data Reports 2002–03 to 2012–13 (also on our website)
- Public Information Statement, Examinations conducted under the *Australian Crime Commission Act 2002*
- ID Crime—When Bad Things Happen to Your Business’ Good Name
- ID Crime—When Bad Things Happen to Your Good Name
- Accord Newsletter—Issue 1
- Horizons—unclassified intelligence reports (Issues 1–3)
- Intelligence Product Guide
- Problem Sexual Behaviour in Children: A review of the literature (also on our website)
- Australia’s Response to Sexualised or Sexually Abusive Behaviours in Children and Young People (also on our website)
- ACC Reconciliation Action Plan
- Australian Crime Commission Strategic Plan 2013–18
- ACC Assumed Identities Annual Report 2006–2007
- Submissions to the Parliamentary Joint Committee on Law Enforcement, Parliamentary Joint Committee on the ACC and Parliamentary Joint Committee on the National Crime Authority. Refer to Parliamentary Joint Committee website <[www.aph.gov.au/Senate/committee/le\\_ctte/index.htm](http://www.aph.gov.au/Senate/committee/le_ctte/index.htm)>.

The ACC holds the following categories of documents:

- agendas, submissions, papers and minutes of board meetings, conferences and other senior staff meetings
- confidential transcripts of examinations conducted under Part II Division 2 of the *Australian Crime Commission Act 2002*.

## Access to documents

All applications for access to documents in the possession of the ACC are handled in the Canberra office of the ACC. The ACC also has offices in Melbourne, Brisbane, Adelaide, Perth, Sydney and Darwin and arrangements can be made in each location for viewing documents, depending on the location of the applicant.

Requests under the provisions of the FOI Act should be addressed to:

**FOI Coordinator**  
**Australian Crime Commission**  
**GPO Box 1936**  
**CANBERRA ACT 2601**

Further information is available on our website <[www.crimecommission.gov.au](http://www.crimecommission.gov.au)> under the FOI and Information Publication Scheme links.

## Appendix E: Advertising and market research

The ACC did not make any payments for polling, direct mail or campaign advertising or market research.

The ACC did not make any payments related to non-campaign advertising that were higher than the reporting threshold of \$12 400.

# Appendix F: Employee statistics

Secondees and task force staff by home agency and jurisdiction as at 30 June

Agency	Secondees funded by ACC		Secondee funded by jurisdiction		Task force staff funded by jurisdiction	
	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14
Australian Commission for Law Enforcement Integrity				3		
Australian Federal Police	3	4	2	2	1	18
Australian Government Solicitor			1			
Australian Securities and Investments Commission			3			3
Australian Taxation Office			3	4	5	10
Australian Transaction Reports and Analysis Centre			1	2		
Australian Customs and Border Protection Service		1	4	5	1	3
Department of Foreign Affairs and Trade			1	1		
Department of Human Services		1		1		1
Department of Immigration and Border Protection		1	1		8	
New South Wales Crime Commission						1
NSW Police Force					2	6
Northern Territory Police	1	1	1			
Queensland Crime and Misconduct Commission			1		1	
Queensland Police Service	4	2				
South Australia Police	3	2	2	2	2	1
Tasmania Police	1	1				
Victoria Police	6	6	1			3
Western Australia Police	3	4			1	
<b>Total</b>	<b>21</b>	<b>23</b>	<b>21</b>	<b>20</b>	<b>21</b>	<b>46</b>

## APS staff employment capacity by location as at 30 June

Location	Full-time		Part-time		Casual	
	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14
Sydney	111	108	21	21		1
Canberra	173	165	13	17		
Melbourne	103	100	16	11		
Brisbane	71	64	10	12		
Adelaide	26	25	12	12		
Perth	22	22	3	2		
Alice Springs	2	1				
Darwin	1	1				
<b>Total</b>	<b>509</b>	<b>486</b>	<b>75</b>	<b>75</b>		<b>1</b>

## APS staff by classification as at 30 June

Classification	Classification totals	
	2012–13	2013–14
APS2	3	3
APS3	40	35
APS4	77	81
APS5	82	81
APS6	89	87
EL1	187	190
EL2	86	69
SES Band 1	9	6
SES Band 2	2	3
CEO	1	1
Examiner	8	6
<b>Total</b>	<b>584</b>	<b>562</b>

## APS staff by classification and location as at 30 June

Classification	Sydney		Canberra		Melbourne		Brisbane	
	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14
APS2					1	1	1	1
APS3	11	8	2	3	13	12	7	5
APS4	21	22	28	29	13	13	11	14
APS5	24	22	28	29	13	12	7	8
APS6	15	13	42	42	16	17	8	8
EL1	44	49	46	48	44	42	29	27
EL2	13	13	31	22	16	12	15	12
SES Band 1	1	1	6	5	1		1	
SES Band 2			2	3				
CEO			1	1				
Examiner	3	2			2	2	2	1
<b>Total</b>	<b>132</b>	<b>130</b>	<b>186</b>	<b>182</b>	<b>119</b>	<b>111</b>	<b>81</b>	<b>76</b>

Classification	Adelaide		Perth		Alice Springs		Darwin	
	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14
APS2	1	1						
APS3	4	4	3	3				
APS4	2	2	1	1	1			
APS5	8	8	2	2				
APS6	5	5	3	2				
EL1	11	10	12	13			1	1
EL2	6	6	4	3	1	1		
SES Band 1								
SES Band 2								
CEO								
Examiner	1	1						
<b>Total</b>	<b>38</b>	<b>37</b>	<b>25</b>	<b>24</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>



## APS staff gender distribution by classification as at 30 June

Classification	Female		Male	
	2012–13	2013–14	2012–13	2013–14
APS2	2	2	1	1
APS3	31	29	9	6
APS4	49	50	28	31
APS5	57	56	25	25
APS6	45	45	44	42
EL 1	59	64	128	126
EL2	34	25	52	44
SES Band 1	4	2	5	4
SES Band 2		1	2	2
CEO			1	1
Examiner	1	1	7	5
<b>Total</b>	<b>282</b>	<b>275</b>	<b>302</b>	<b>287</b>

## APS staff turnover as at 30 June

Termination reason	2012–13	2013–14
Move to other APS agency	29	14
Resignation	45	34
Voluntary redundancy	5	10
Retired after age 55	5	3
Invalidity retirement	2	
Completed non-ongoing contract	12	3
Retired under section 37 (SES)		1
<b>Total</b>	<b>98</b>	<b>65</b>

# Glossary

<b>Amphetamine-type stimulants</b>	<p>A general term for the amphetamine-based group of drugs including MDMA (ecstasy) and methylamphetamine (ice). The full and correct name for MDMA is 3,4-methylenedioxy-N-methylamphetamine. However more widely used term 3,4- methylenedioxymethamphetamine is used in this report.</p> <p>MDMC (or 3,4-methylenedioxymethcathinone) is a controlled drug used as an 'ecstasy substitute'. Other naming conventions are acceptable including 3,4-MDMC and <i>bk</i>-MDMA.</p>
<b>Coercive powers</b>	See 'special powers'.
<b>Commonwealth Organised Crime Response Plan</b>	A key output of the Commonwealth Organised Crime Strategic Framework and aligns Commonwealth efforts for addressing the critical organised crime threats identified in the <i>Organised Crime Threat Assessment</i> .
<b>Commonwealth Organised Crime Strategic Framework</b>	A comprehensive and coordinated framework for a whole-of-government response to target the most significant threats from organised crime.
<b>Controlled operation</b>	<p>An operation to obtain evidence that may lead to the prosecution of a person for a serious Commonwealth offence, or a serious state offence with a federal aspect, that may involve an ACC officer or supervised civilian in acts or omissions that would (but for the operation of a legal indemnity) constitute an offence.</p> <p>A controlled operation may cover a range of different factual scenarios, for example the passage of illicit drugs (or a sample) through international customs in order to identify, apprehend and prosecute those involved in drug trafficking.</p>
<b>Criminal intelligence systems</b>	Information technology-based systems that facilitate dissemination and sharing of criminal intelligence, including databases containing intelligence holdings that can be accessed and analysed by approved users.
<b>Determination</b>	When authorising the ACC to undertake an intelligence operation or an investigation, the ACC Board can determine that the ACC can use special powers. Before issuing a determination, the ACC Board must consider whether normal intelligence collection methods or ordinary police methods of investigation have been or are likely to be effective.

<b>Disruption/disrupt criminal activity</b>	<p>Disrupting criminal activity may include interrupting the flow or continuity of the criminal behaviour and/or enterprises of a criminal entity as a direct result of ACC or joint agency operational activity.</p> <p>This may also occur by undermining criminal businesses by exposing their methodologies, releasing intelligence alerts and warnings on their activities and reducing their ability to operate in the criminal markets of their choice.</p> <p>Disruption operational activities may include arrests, seizure of illegal commodities (such as drugs or firearms), proceeds of crime and/or prosecutions.</p>
<b>Entity</b>	<p>We use the term 'criminal entities' to refer to groups or individuals.</p> <p>An 'entity' is also a generic term describing unique identifiers used to support investigations and operations (for example, identifiers may include persons, addresses, telephone numbers, companies, Australian Business Numbers (ABN) or document numbers).</p>
<b>Environment hardening/hardening the environment</b>	Initiatives or strategies to make it more difficult for organised crime to operate in particular environments, markets or sectors.
<b>Estimated street value</b>	The cost to purchase a drug at the end of the supply chain or 'on the street', estimated by considering such factors as (though not limited to) drug purity, location of drug seized, wholesale supply and distribution. Data for calculating the estimated street value is provided by ACC and partner agency operational areas in addition to our <i>Illicit Drug Data Report</i> .
<b>(ACC) Examinations</b>	ACC Examiners can summons a person to attend a compulsory examination and answer questions under oath. The person is entitled to legal representation and the examination is held in private. The evidence gained from an examination cannot be used against the person in a criminal proceeding. A person summonsed to an examination cannot disclose that summons to any person other than their legal representative, unless permitted by the Examiner.
<b>(ACC) Examiners</b>	Examiners are independent statutory officers and experienced legal practitioners who may exercise the ACC's special (coercive) powers for the purposes of an ACC special investigation or special operation.
<b>Federally relevant criminal activity</b>	<p>The ACC looks at serious and organised crime that is an offence against a law of the Commonwealth or a territory; or an offence against a law of a state and has a federal aspect.</p> <p>A state offence can have a federal aspect if it potentially falls within Commonwealth legislative power or where the ACC's interest in the state offence is incidental to ACC operations/ investigations relating to Commonwealth or territory offences.</p>

<b>Financial Intelligence Assessment Team (FIAT)</b>	The Financial Intelligence Assessment Team (FIAT) was established in May 2003 as a national multi-agency initiative to help combat financial crime committed by organised crime groups.
<b>Fusion (ACC-led National Criminal Intelligence Fusion Capability)</b>	<p>The ACC was allocated \$14.5 million over four years from 2010–11 to develop the multi-agency Fusion capability. This initiative involves bringing together expert investigators and analysts from across the full range of law enforcement, national security and related agencies to enable greater criminal intelligence analysis and sharing.</p> <p>The Commonwealth Organised Crime Strategic Framework identified this capability to enhance multi-agency responses to organised crime.</p>
<b>Harms assessment</b>	The process for assessing and prioritising the impact of crime issues on Australian society. Harms assessments are drawn from intelligence holdings, open source information and consultation with ACC partner agencies and use both qualitative and quantitative assessment methodologies.
<b>Intelligence—strategic, operational and tactical</b>	<p>Strategic intelligence draws on the ACC’s unique insights to provide information about the nature, extent, impact and trends of serious and organised crime. Strategic intelligence services include the range of ACC products that together make up the <i>Picture of Criminality in Australia</i> as well as other strategic intelligence on specific topics.</p> <p>Operational intelligence is gathered and provided as part of the collaborative operations and investigations and may include analysis that informs future operations.</p> <p>Tactical intelligence is also drawn from operational activities and is usually shorter, timely, actionable information about specific details.</p>
<b>National Criminal Intelligence Priorities</b>	At the strategic level, the ACC Board establishes the National Criminal Intelligence Priorities which provide a comprehensive ranked summary of known national criminal threats affecting Australia and a basis for considering resource allocation and operational deployments. The National Criminal Intelligence Priorities promote effective law enforcement agency planning and responses.

<b>National Response to Organised Crime</b>	<p>In August 2009, the Standing Committee of Attorneys-General announced the National Response to Organised Crime. Key elements include:</p> <ul style="list-style-type: none"> <li>■ the development of a National Organised Crime Response Plan</li> <li>■ enhanced interoperability</li> <li>■ information and intelligence sharing</li> <li>■ greater coordination between Commonwealth, state and territory partners to address organised crime.</li> </ul> <p>The National Response to Organised Crime complements the Commonwealth Organised Crime Strategic Framework by ensuring a coordinated approach to tackling organised crime is adopted nationally at the Commonwealth, state and territory levels.</p>
<b>Organised Crime Threat Assessment</b>	<p>Our <i>Organised Crime Threat Assessment</i> is a key element of the Commonwealth Organised Crime Strategic Framework. It provides the most comprehensive assessment of the level of risk posed by various organised crime threats, categorised by activity, market and enabler.</p>
<b>Picture of Criminality in Australia</b>	<p>Our suite of strategic intelligence products that make up the picture of organised crime—past, present and future. This suite includes the <i>Illicit Drug Data Report</i>, <i>Organised Crime Threat Assessment</i>, <i>Organised Crime in Australia</i>, <i>National Criminal Target Report</i> and <i>Organised Crime 2020</i>.</p>
<b>Serious and organised crime</b>	<p>Serious and organised crime constitutes an offence that involves two or more offenders, substantial planning and organisation, the use of sophisticated methods and techniques, commissioned in conjunction with other offences of a like kind, and is punishable by imprisonment for at least three years.</p>
<b>Special investigation</b>	<p>Special investigations are designed to disrupt and deter criminal groups by collecting evidence and intelligence about criminal activity. Coercive powers may be used in combination with a range of other investigative tools, including telecommunications intercepts, surveillance and controlled operations.</p>
<b>Special operation</b>	<p>Special operations focus on gathering intelligence around particular criminal activity so decisions are informed by the true extent, impact and threat of that criminal activity. Coercive powers may be used as well as other investigative tools if appropriate. These operations can help determine if a special investigation is warranted.</p>

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<b>Special (coercive) powers</b>	The ACC has coercive powers similar to those of a Royal Commission, which may be exercised only by ACC Examiners for special intelligence operations or special investigations. The special powers allow the ACC to summons a person to give evidence under oath, require the production of documents, demand information from Commonwealth agencies, apply for a search warrant, and require the production of a passport.
<b>Target</b>	<p>The term is used in two contexts:</p> <ul style="list-style-type: none"><li>■ to refer to those entities (persons, groups or syndicates) that are of interest to law enforcement agencies</li><li>■ to explain the ACC focus on particular areas of criminality (for example, ‘a special investigation is targeting money laundering’).</li></ul>

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# Acronyms and abbreviations

<b>ACC</b>	Australian Crime Commission
<b>ACC Act</b>	<i>Australian Crime Commission Act 2002</i>
<b>ACID</b>	Australian Criminal Intelligence Database
<b>ACIF</b>	Australian Criminal Intelligence Forum
<b>ACLEI</b>	Australian Commission for Law Enforcement Integrity
<b>AFP</b>	Australian Federal Police
<b>AGICC</b>	Australian Gangs Intelligence Coordination Centre
<b>ALEIN</b>	Australian Law Enforcement Intelligence Network
<b>APS</b>	Australian Public Service
<b>CSO</b>	Child Sex Offences (special operation)
<b>EL1 and EL2</b>	Executive Level 1 and Executive Level 2
<b>FMA Act</b>	<i>Financial Management and Accountability Act 1997</i>
<b>FOI</b>	Freedom of information
<b>HRCT</b>	Highest Risk Criminal Targets (special investigation)
<b>HRCT—SA</b>	Highest Risk Criminal Targets—South Australia (state special investigation)
<b>HRCT—VIC</b>	Highest Risk Criminal Targets—Victoria (state special investigation)
<b>HRED</b>	High Risk and Emerging Drugs (special operation)
<b>ICT</b>	Information and communication technology
<b>JAG</b>	Joint Analyst Group
<b>JMG</b>	Joint Management Group
<b>KPI</b>	Key Performance Indicator
<b>MAHSOC</b>	Making Australia Hostile to Serious and Organised Crime (special operation)
<b>MDMA</b>	3,4-methylenedioxymethamphetamine
<b>NSISOC</b>	National Security Impacts from Serious and Organised Crime (special operation)
<b>NIITF</b>	National Indigenous Intelligence Task Force
<b>OMCG</b>	Outlaw Motor Cycle Gangs (special operation)
<b>PBS</b>	Portfolio Budget Statement
<b>PMMA</b>	paramethoxymethamphetamine
<b>SES</b>	Senior Executive Service
<b>TCW</b>	Targeting Criminal Wealth (special investigation)

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Building the national picture of serious and organised crime.

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