



Discover Understand Respond

ANNUAL
REPORT **14|15**

AUSTRALIAN CRIME COMMISSION

Letter of transmittal

22 October 2015

Michael Keenan MP
Minister for Justice
Minister Assisting the Prime Minister on Counter-Terrorism
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 2015, 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 2014–15 and includes audited financial statements. It has been prepared in accordance with the *Requirements for Annual Reports for departments, executive agencies and other non-corporate Commonwealth entities* (25 June 2015) approved by the Joint Committee of Public Accounts and Audit.

In addition, I certify that I am satisfied the ACC has prepared fraud risk assessments and fraud control plans, that we have in place appropriate fraud prevention, detection, investigation and reporting mechanisms, and that we have taken all reasonable measures to appropriately deal with fraud relating to our agency.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Chris Dawson', with a long horizontal stroke 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 2014–15 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 2015. As an independent statutory authority in the Attorney-General's portfolio, we manage our performance through the 'outcome and program' structure in the annual Portfolio Budget Statement (PBS).

This report reviews our performance against the outcome strategy, deliverables and key performance indicators in our 2014–15 PBS. Our outcome strategy and key performance indicators are on page 20.

A more complete excerpt including our deliverables is at Appendix B and our complete PBS is at <www.crimecommission.gov.au>.

How we assess our performance

Our key performance indicators reflect our strategic outlook and directly align with our *Strategic Plan 2013–18*. These indicators capture the scope of our role combating serious and organised crime in Australia, by both quantitative and qualitative measures. We are continuing to develop and refine our systems and capability to assess and track our progress against these indicators. Details about our performance measurement framework are on page 148.

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.

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Breaking the business of serious and organised crime

Snapshot of how we reduced organised crime threats in 2014–15



6650 intelligence products shared with 256 agencies

- 2317 analytical and tactical products
- 4333 automated alerts on significant criminal targets (new service this year)



Added **61** new targets to the **National Criminal Target List**



Produced **79 intelligence reports** on foreign fighters and counter-terrorism



176 coercive examinations improved national understanding



Informed **72** state and territory investigations into outlaw motor cycle gangs



19 joint operations and investigations



More than **\$34.53 million** cash seized



54 disruptions to criminal entities



More than **\$238.89 million** assets restrained



More than **\$1.96 billion** illicit drugs seized (estimated street value)



194 arrested on 548 charges



Released report on **methylamphetamine in Australia** and informed the national response



88% of stakeholders surveyed agree we create a **national picture** of serious and organised crime

Snapshot of our people and financial results in 2014–15



581 staff and **36 secondees**
from partner agencies



87.9% retention rate



2750 training and development opportunities

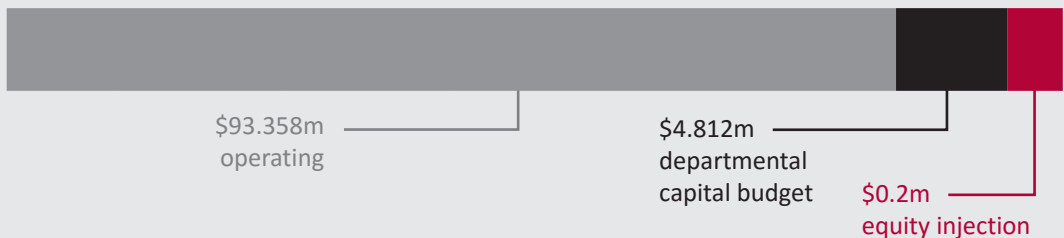


8 offices around the country

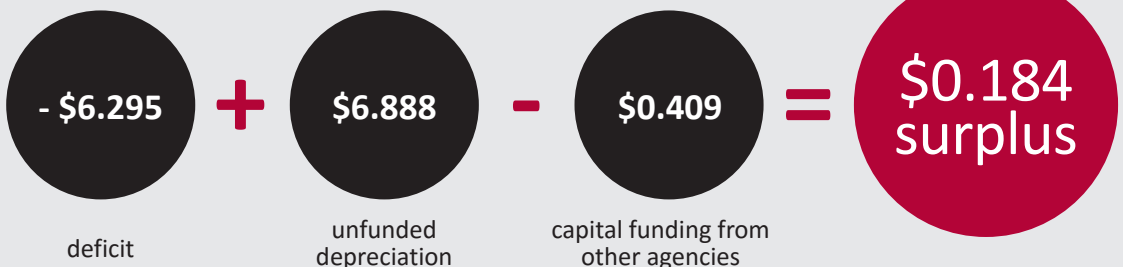



48.7% women **51.3% men**

\$98.370 million appropriation



Overall financial results (millions)





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



Chapter 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, prioritisation 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 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 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 structure

We are a Commonwealth statutory body with staff working from eight locations around the country, grouped into three directorates. See details from page 131.

High-level organisational structure as at 30 June 2015



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 datasets 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 capabilities.

Our context and stakeholders

We are part of Australia's cooperative, intelligence-led effort against serious and organised crime. As an agency of 581 staff, supplemented by 36 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 265 agencies from across Australia and around the world, including our partner agencies and our Board.

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 discussed on page 150.

Our Board

Uniquely, the ACC Board comprises 15 members including the heads of our 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 is a significant platform to drive the collegiate approach necessary to successfully combat serious and organised crime.

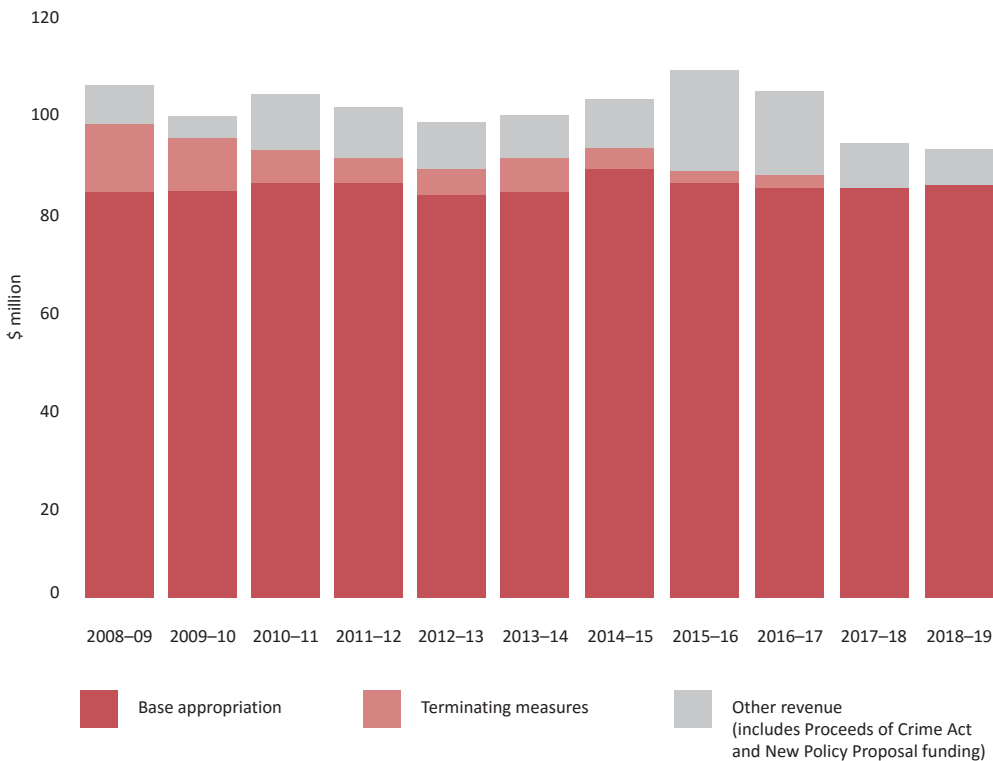
Our financial position

In 2014–15, the ACC recorded a deficit of \$6.295 million. Apart from unfunded depreciation of \$6.888 million, the ACC's reported result was a surplus of \$0.593 million. This includes \$0.409 million capital funding received from portfolio agencies for capital investment. With the exclusion of capital funding, the ACC realised a surplus of \$0.184 million for the financial year.

We continue to identify efficiencies in the way we use resources, for example property reductions and renegotiations have resulted in \$7.1 million in lease incentives, which will be realised over the life of the new leases.

See Chapter 7 for our full financial overview and audited financial statements.

Appropriation trend 2008–2019



Organised crime: the challenges

- **National security threat**—Serious and organised crime is a recognised threat to national security. With enhanced counter-terrorism efforts throughout Australia, the links between terrorism and broader organised crime and volume crime are being identified. This includes Australians who finance terrorist activities, those who leave Australia to support terrorist causes or who return intending to harm the Australian community, and Australians recruited by organised crime groups who are seeking the skill sets developed in foreign conflicts.
- **Destructive, pervasive and complex**—Serious and organised crime now touches the lives of Australians in unprecedented ways. For example, investment fraud, card skimming, the devastating health and social impacts of illicit drug use including ice, the dangers of suburban clandestine laboratories, online identity theft, infiltration of legitimate business, lost taxes, the impact on share markets and investors, and the erosion of public trust.
- **Big business**—Globally, profits from transnational organised crime in 2009 were estimated at around US\$870 billion, a figure that has undoubtedly grown since.¹ This costs local economies billions of dollars. For Australia, we have conservatively estimated that organised crime costs Australia A\$15 billion a year. We are currently working on an updated cost.
- **Globalised**—Our intelligence indicates that up to 70 per cent of Australia's serious and organised criminal threats are based offshore or have strong offshore links.
- **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.

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

CEO's review

Chris Dawson APM



This year I am pleased to report the ACC continued to achieve impressive results in a changing environment.

The criminal landscape is constantly shifting. The reach and sophistication of serious and organised crime is increasing and, in the current financial environment, we need to do more with less.

We are equal to the challenge. The depth and breadth of ACC staff expertise and skills is matched by a 100 per cent commitment to fighting serious and organised crime. I would like to thank all ACC staff for their commendable efforts in continuing to deliver broad results in our changing environment during 2014–15.

Our work has a direct impact on the wellbeing and safety of all Australians. That is because serious and organised crime affects us all. From the street corner to the stock market floor, from executive boardrooms to emergency waiting rooms, and from family homes to cyberspace—the impact is widespread. We can, and should, be concerned about this threat. However, these criminals should also be concerned about the threat we pose to them.

Discover Understand Respond

Through our unique combination of criminal intelligence, specialist investigative capabilities and special powers akin to a Royal Commission, we can shine a light where traditional law enforcement cannot reach.

We work collaboratively with the states and territories, a range of Commonwealth law enforcement and regulatory bodies, international partners and the private sector to discover, understand and respond to serious and organised crime. This approach has proven highly effective in building the national picture, understanding the increasing international threats, and breaking the business of serious and organised crime. We reinforced this approach during 2014–15 as we continued to evolve and mature as an agency to deliver another year of strong results.

International reach

We estimated that up to 70 per cent of serious and organised crime targets affecting Australia are either based offshore or have offshore links. As a result, an important focus this year was strengthening and expanding our international reach.

This included strong international collaboration through our role in the Five Eyes Law Enforcement Group, which consists of the heads of major law enforcement agencies from the United States, United Kingdom, Canada, New Zealand and Australia (represented by the ACC and the Australian Federal Police).

This year we secured the expansion the ACC's global footprint and we are now implementing our international deployment program, with our first placement in Washington DC. This will be followed by placements in Hong Kong, Dubai, Virginia and Ottawa. We aspire to include a further placement in Europe in the future. This builds on our initial international placement, which occurred in the United States as a trial last year.

Strong collaboration for strong results

Through our international and national collaboration we continued to build a richer national picture of serious and organised crime. We shared 6650 intelligence products (including 4333 automated alerts) with 265 agencies. We participated in or coordinated 19 joint operations and investigations. This year our activities led to 54 disruptions of criminal behaviour or criminal entities.

Crystal methamphetamine (ice)

In March 2015, we released a public report on the Australian methamphetamine market, which highlighted the increasing availability of ice and the ongoing involvement of serious and organised crime. More than 60 per cent of Australia's highest risk serious and organised crime targets are involved in the methamphetamine market. In particular, ice is of serious national concern. Reported use of ice has more than doubled since 2010 and communities across Australia are feeling its violent and destructive impact.

Our report laid the groundwork for a collective national response to the issue. In April 2015, the Prime Minister announced the establishment of a National Ice Taskforce, as the first step in forming a National Ice Action Strategy by the end of 2015. The strategy will improve coordination and collaboration by all levels of government and across law enforcement, health, education and other sectors. We are supporting the taskforce by providing subject matter expertise and advice from an intelligence and law enforcement perspective, as well as assisting with intelligence collection. The work of the taskforce will inform decisions by the Council of Australian Governments (COAG) on this issue.

National security, terrorism and organised crime

We contribute to Australia's response to national security threats, in particular the threat posed by Australians going abroad to support terrorist activities in Syria and Iraq. The links between terrorism and organised crime, including Australians who finance terrorist activities and the issue of Australians going overseas to fight, are emerging and complex problems.

In September 2014, we were allocated \$24.4 million over four years to support the national effort against terrorism. Working under Project Ridgeline, we are increasing the national understanding of the evolving threat posed by foreign fighters, identifying previously unknown threats, and contributing to domestic monitoring and disruption activities. During 2014–15 we conducted 18 coercive examinations over 24 sittings related to partner agency investigations into terrorist threats and funding, and produced 102 intelligence products filling related intelligence gaps.

Cybercrime

Millions of Australians have fallen victim to cybercrime or technology-enabled crime—a significant threat that is likely to increase in the short-term. Criminal use of malicious software (malware) poses the highest cybercrime threat to Australia for the next five years.

This year we were closely involved in the establishment of, and we are part of, the whole-of-government Australian Cyber Security Centre. The multi-agency centre was opened on 27 November 2014 and brings together existing Commonwealth cyber security capabilities. We are using our unique powers and intelligence relationships to discover, understand and prioritise cybercrime threats affecting Australia and to initiate and enhance responses against priority threats.

We were also instrumental in the creation of the new Australian Cybercrime Online Reporting Network (ACORN) which was launched in November 2014. This national online system enables the public to securely report cybercrime, and the relevant police agencies to respond to incident reports. ACORN reporting is enabling us to provide policing agencies with an enhanced national picture of the cybercrime issues affecting Australians and Australian business.

Highest risk criminals

We maintain the National Criminal Target List, which allows us and our partners to prioritise our work. It ensures we are targeting the individuals and groups who pose the greatest threat to the Australian community. During 2014–15, a total of 61 new serious criminal entities were added to the National Criminal Target List nationally, including 29 provided by the ACC.

We also launched an automated alerting service this year that monitors all entities on the National Criminal Target List and automatically reports new activities to relevant partners.

Money laundering and related disruptions

We keep the heat on organised crime by tracking suspicious money flows through the ACC-led Eligo National Task Force. During the year we collaborated with international partners on work that will disrupt significant global money laundering syndicates. This work has also led to significant disruptions within Australia, including large cash and drug seizures. For example, Eligo information prompted record seizures of 117 kilograms of ice (with an estimated street value of \$117 million) in Melbourne in July 2014 and 90 kilograms of methylamphetamine (with an estimated street value \$63 million) in Perth in October 2014. These seizures relate to an ongoing joint investigation into a South-East Asia syndicate importing ice into Australia.

Australian Gangs Intelligence Coordination Centre

The ACC-hosted Australian Gangs Intelligence Coordination Centre (AGICC) provides intelligence and shapes national disruption strategies against high threat outlaw motor cycle gangs and other known gangs operating across state and territory borders. During 2014–15, AGICC provided leads and filled intelligence gaps to support 72 state and territory investigations into outlaw motor cycle gangs.

Outlaw motor cycle gangs

We are making it more difficult to be a member of an outlaw motor cycle gang in Australia. The successful ACC-led Attero National Task Force concluded in December 2014. Specifically targeting the Rebels, Attero resulted in 1155 arrests and 1554 charges during 2014–15. This brings the total number of arrests and charges under Attero to 4149 (arrested or reported) and 5756 respectively.

The new multi-agency task force, named Operation Morpheus was formed in September 2014 to build on Attero's success. Morpheus has a broader focus on all outlaw motor cycle gangs that pose a risk to our community. It is targeting gangs through traditional and non-traditional law enforcement methods such as executing warrants on club houses, and investigating tax and welfare payments, travel movements and business activities. Through Morpheus we now have live reporting alerts to partners about gang members. In addition, Morpheus is providing the intelligence to underpin national strategies coordinated through the AGICC and the Commonwealth National Anti-Gangs Squad framework. In 2014–15 Morpheus resulted in 906 people arrested on 2043 charges, 441 search warrants executed, 207 firearms, more than 100 kilograms of illicit drugs and more than \$1.3 million cash seized.

Tax and serious fraud

The cross-agency Project Wickenby, which included the ACC, has played a pivotal role in the Australian Government's fight against tax evasion, avoidance and crime. With funding for Wickenby coming to an end, the new Serious Financial Crime Taskforce announced in May 2015 will continue the fight against serious and organised financial crime. We look forward to continuing to work with our Commonwealth and international partners, providing intelligence and generating leads for action against superannuation and investment fraud, identity crime and tax evasion.

National picture of organised crime

Each year we combine and analyse intelligence from around the nation to produce flagship intelligence products, including the classified *National Criminal Target Report* and the public *Illicit Drug Data Report*, as well as a wide range of topic-specific strategic assessments. Together these products guide operational decision-making and influence prevention strategies as well as longer-term policy development and reform.

This year we also released the biennial public report, *Organised Crime in Australia 2015*. We are progressively releasing more public information like this, including varied online content, to engage more strongly with the private sector, industry and the community. By increasing awareness and understanding, we are in a stronger position to protect the national interest and work together against organised crime.

Continuing efficiencies

We are continuing to make the best use of our available resources, finding efficiencies and adjusting our organisational structure to better position ourselves for the future. Our strategies are realising results, with \$7.1 million to be saved over the life of new leases following prudent property decisions to reduce lease costs and reconfigure accommodation.

Future outlook

We will play a central role in implementing the priorities outlined in the *National Organised Crime Response Plan 2015–18*, including tackling the increased prevalence of methylamphetamine, reducing gun-related crime, focusing on money laundering and unexplained wealth and reducing barriers to information sharing between agencies.

International deployments

We are increasingly dealing with international crime syndicates. As part of our ongoing and proactive engagement in response to the changing criminal environment, for the year ahead we have secured funding under the *Proceeds of Crime Act 2002* to deploy ACC officers offshore. As we continue to implement our international deployment program, our expanded presence overseas will complement the international work of the Australian Federal Police and other government agencies, and improve national understanding of transnational enterprises that are impacting on Australia.

National Criminal Intelligence System

Last year we reported the challenge of updating our technical capability, in particular our 30-year-old national intelligence database and system. We have gained support for the proposed replacement National Criminal Intelligence System (NCIS), and have received \$9.799 million funding under the *Proceeds of Crime Act 2002* to improve existing capabilities through 2015–16 and 2016–17. At its full capability, the NCIS will connect to existing systems and help develop intelligence across the spectrum, from volume crime through to serious and organised crime and national security. Importantly, the states and territories will also be able to use the NCIS to improve community safety and crime prevention. At its full capability, the NCIS will connect to existing systems and help develop intelligence across the spectrum, from volume crime through to serious and organised crime and national security.

Collaborative research

During 2014–15, we worked closely with the Australian Institute of Criminology and various stakeholders on plans for the proposed merger of our two organisations. The merger would enable joint research and intelligence work on key issues, the development of new methods, and the ability to provide even more unclassified information to the community. On 13 July 2015, I was appointed acting Director of the Australian Institute of Criminology to support the proposed collaboration.

Legislative developments

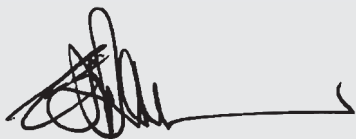
Following the High Court decision of *X7 v Australian Crime Commission (2013)* in June 2013, we ceased all coercive examinations of examinees charged with indictable offences. In March 2015, the Law Enforcement Legislation Amendment (Powers) Bill 2015 was introduced into Parliament. It passed both Houses during the reporting period, with the Act commencing operation on 28 July 2015, just after the reporting period. The Act amends the *Australian Crime Commission Act 2002* to more clearly set out when examination powers may be used, and the circumstances in which material from them may be disclosed or used, including where the person questioned has been charged with an offence. The changes were accompanied by a range of updated safeguards to protect the examinee's right to a fair trial.

We prepared for changes associated with the introduction of the *Telecommunications (Interception and Access) Amendment (Data Retention) Act 2015* in April 2015. This Act requires telecommunications companies to retain secure and limited metadata records for two years. In our submissions to the preceding Parliamentary inquiry, we supported access to such data for the purposes of discovering, understanding and responding to serious and organised crime.

Finally, in the coming year, the Government will conduct its legislated periodic review of the ACC Act.

Agile and innovative

Serious and organised crime is more entrenched in our lives than ever before. It is constantly evolving and presents increasingly complex challenges. However, we have proven that we are an agile organisation, willing to innovate and adapt to meet these challenges. In addition, there is increasingly strong and effective collaboration between government and law enforcement agencies, the private sector, industry and the community. We look to the future with confidence and dedication as we continue our important work against serious and organised crime.



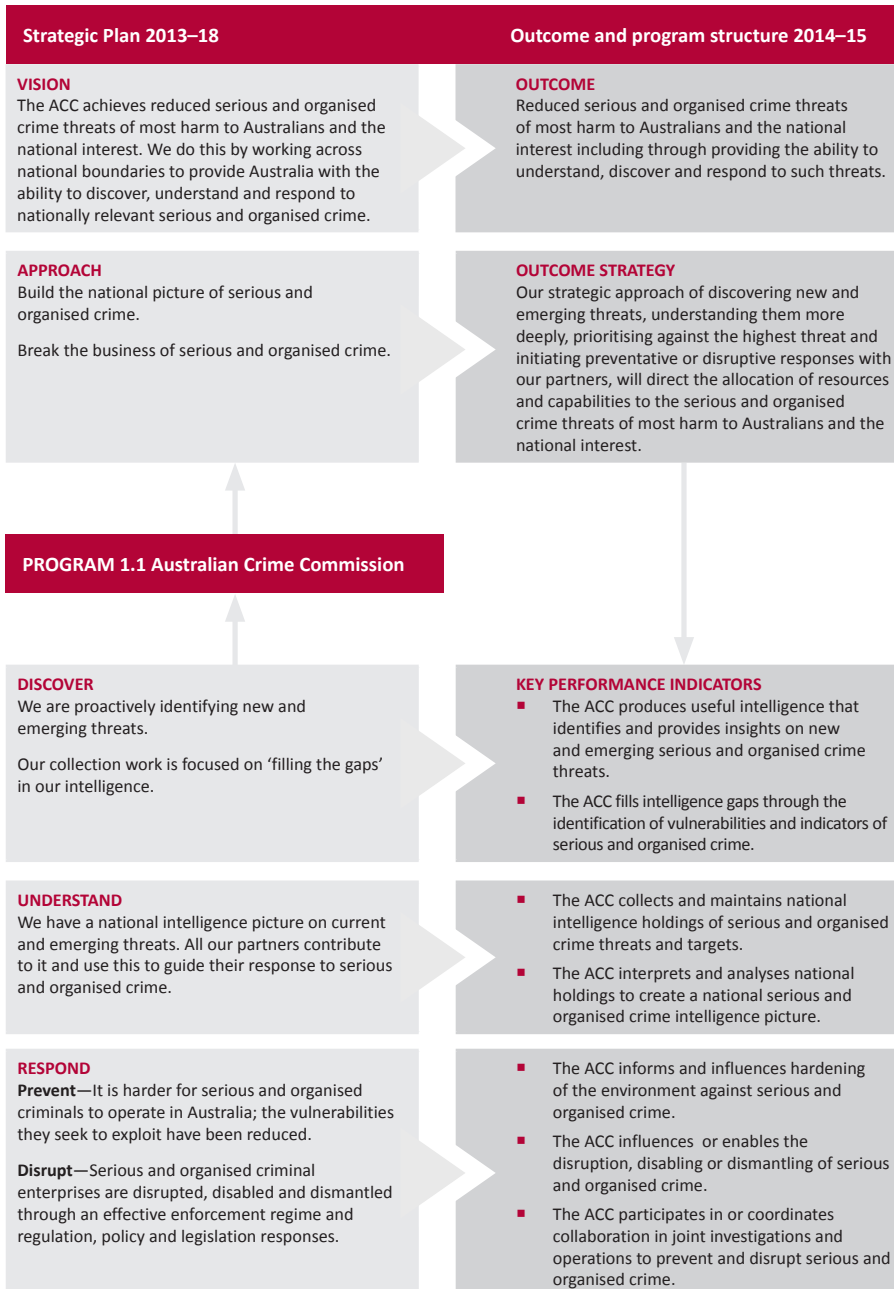
Chris Dawson APM

Chief Executive Officer

Australian Crime Commission

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 2014–15 outcome and program structure is summarised below along with the relationship to our *Strategic Plan 2013–18*. Unedited excerpts of the relevant sections of the PBS are at Appendix B and the complete 2014–15 PBS is at <www.crimecommission.gov.au>.



Our work focus in 2014–15

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 2014–15, 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 2014–15, 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
- Child Sex Offences.

See Chapter 4 for details.

2014–15 performance scorecard

Intended outcome and objective

Our Portfolio Budget Statement 2014–15 outcome is: *Reduced serious and organised crime threats of most harm to Australians and the national interest including through providing the ability to understand, discover and respond to such threats.*

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

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

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

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

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

Identifying a measurable basis for performance assessment

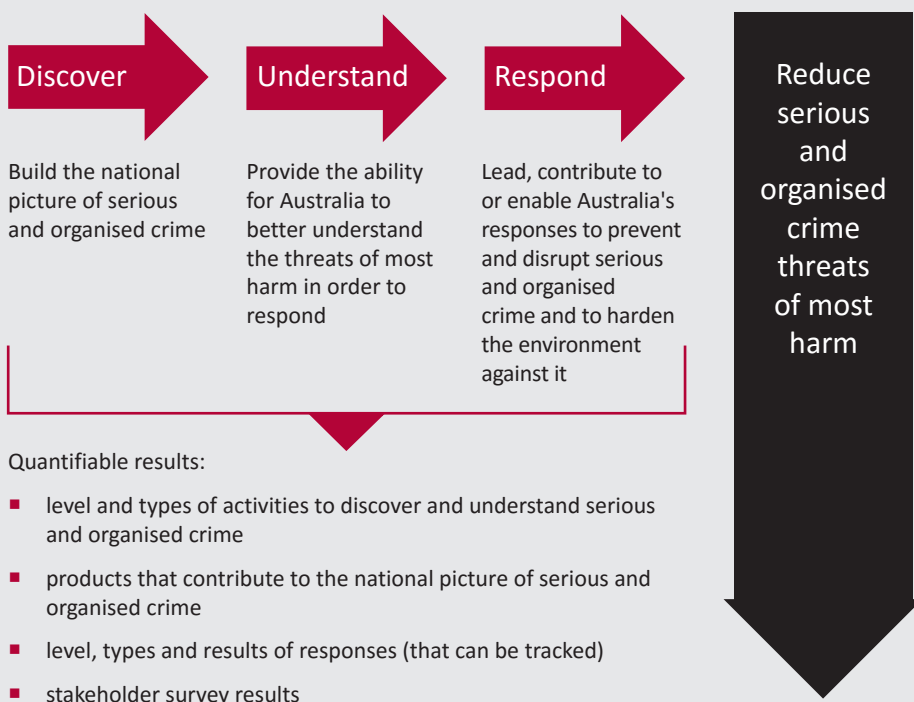
Our key performance indicators (KPIs) enable us to apply a range of qualitative and quantitative measures to assess progress towards our objective.

Our quantifiable results include:

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

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

What we do and how we measure our success



Our 2014–15 scorecard

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


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

We have also provided comparative trending information against these indicators and associated assessment of performance (see page 28). We will continue to develop our ability to capture and report on our performance in both qualitative and quantitative terms and to build relevant comparisons over the coming years.

Performance scorecard against KPIs 2014–15



DISCOVER

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



KPI	Achievements	Page
DISCOVER: KPI 1 The ACC produces useful intelligence that identifies and provides insights on new and emerging serious and organised crime threats. 	88% of stakeholder survey respondents agree or strongly agree that we achieved this key performance indicator	151
	Added 61 new targets nationally to the National Criminal Target List, including 29 provided by the ACC	16
	Identified 112 nationally significant previously unknown entities laundering money (Eligo Task Force)	63
	Identified seven previously unknown transnational criminal networks, likely to have collectively laundered over \$39 million , for further investigation (Project Iceberg)	73
	Produced intelligence on previously unknown international professional money laundering syndicates' methodologies and operations in Australia and internationally (Eligo Task Force)	63
	Produced new insights into criminal exploitation of virtual currencies (Project Longstrike)	102
	Identified a new method of producing an illicit drug (MDA) using unregulated chemicals (Project Alberta Mede)	90
	Improved understanding of border vulnerabilities regarding visa and migration fraud methodologies (Project Iceberg)	73
	Identified a possible trade-based money laundering network for further investigation (Project Iceberg)	73
	Provided intelligence that assisted in identifying 'at risk' terrorism threats (Project Ridgeline)	99
	Identified suspicious chemical purchases for the purpose of manufacturing illicit drugs for further investigation (Project Alberta-Mede)	90
	Identified an emerging threat posed by illicit firearms sourced online via the 'darknet' (Project Macrobust)	75
DISCOVER: KPI 2 The ACC fills intelligence gaps through the identification of vulnerabilities and indicators of serious and organised crime. 	78% of stakeholder survey respondents agree or strongly agree that we achieved this key performance indicator	151
	Provided real time alerting (4333 reports) on nationally significant crime targets (Project Rosencrantz)	74
	Provided intelligence on ransomware (malware) to inform law enforcement investigations (Project Longstrike)	101
	Collected intelligence and provided intelligence reports on the use of encrypted communications by serious and organised crime (Project Muskwood)	104
	Produced 79 intelligence reports on foreign fighters and counter-terrorism , including disclosures that supported law enforcement operational activity (Project Ridgeline)	99
	Provided cybercrime intelligence that initiated, and provided ongoing support for, two international cybercrime investigations (Project Longstrike)	102
	Identified previously unknown cybercrime threats for further investigations by law enforcement partners (Project Longstrike)	102

UNDERSTAND

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

KPI	Achievements	Page
UNDERSTAND: KPI 3 The ACC collects and maintains national holdings of serious and organised crime threats and targets. 	91% of stakeholder survey respondents agree or strongly agree that we achieved this key performance indicator	151
	Maintained the National Criminal Target List and made it available to partners through the National Targeting System	116–7
	Maintained the Australian Criminal Intelligence Database and made it available to partners through the Australian Law Enforcement Intelligence Network	121
	Conducted 176 coercive examinations to fill intelligence gaps, progress investigations with our partners, and enhance understanding of serious and organised crime threats and targets	61 and 87
	Maintained 1.8 million firearm transaction and importation records, provided analysis, and responded to 540 firearm trace requests, disseminating 302 responses with information (Project Kardinia)	75
	Responded to requests for information from national and international partners with 656 disseminations of intelligence holdings	56
	Developed the Gangs Intelligence Hub for secure sharing of gangs information with partners (Project Legion/AGICC)	115
	Developed a secure and validated list of outlaw motor cycle gang members in the National Gangs List (Project Legion/AGICC)	115
	Produced over 450 intelligence reports on outlaw motor cycle gangs , provided to over 70 agencies in support of multiple investigations (Project Legion/AGICC)	95
	Administered and provided reporting on the Australian Cybercrime Online Reporting Network (ACORN)	123–4
	Provided a shared understanding of the serious and organised crime threat and emerging issues at the jurisdictional level (Project Macroburst)	75
	Contributed to the national intelligence holdings on wildlife and environmental crime	50–1
	Compiled national illicit drug data	42–3
UNDERSTAND: KPI 4 The ACC interprets and analyses national holdings to create a national serious and organised crime intelligence picture. 	88% of stakeholder survey respondents agree or strongly agree that we achieved this key performance indicator	151
	Shared 2317 intelligence products with 265 agencies (excluding automated alerts)	56
	Produced the Organised Crime Threat Assessment	41
	Produced the Organised Crime in Australia public report	41
	Produced the National Criminal Target Report	42
	Produced the public Illicit Drug Data report	42–3
	Produced the National Cybercrime Intelligence Assessment	45–6
	Produced a strategic assessment of the methylamphetamine market	44–5
	Produced two strategic insights on outlaw motor cycle gang activity	49
	Produced report on profit motivated vehicle theft	46–7
	Produced strategic assessment and other intelligence products on visa and migration fraud	47
	Produced a strategic assessment on public sector corruption	47–8
	Produced 16 strategic insights intelligence products on a range of serious and organised crime topics	48
	Produced an assessment of the current MDMA market and likely trajectory of this market	91
	Produced intelligence on the movement of illicit funds in Australia and overseas and the methodologies used (Task Force Eligo)	63
	Produced intelligence on business structures and illegal business practises used to facilitate criminal activity and hide proceeds of crime (Projects Astor and Patrobus)	63
	Produced intelligence on the illicit tobacco trade (Project Macroburst)	75


Performance scorecard against KPIs 2014–15 (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.		
KPI	Achievements	Page
RESPOND: KPI 5 The ACC informs and influences the hardening of the environment against serious and organised crime. 	78% of stakeholder survey respondents agree or strongly agree that we achieved this key performance indicator	151
	Produced intelligence on the legal and regulatory vulnerabilities associated with tax and secrecy haven jurisdictions being exploited by professional facilitators of criminal activity (Project Patrobus)	63
	Provided intelligence on vulnerabilities to criminal exploitation at maritime ports (Project Persephone)	99
	Contributed to the National Ice Taskforce	89
	Developed indicators for high risk international consignments that successfully identified illicit drug importations (Project Iceberg)	73
	Supported improved professionalism of the alternative remittance sector to harden the environment against organised crime infiltration (Eligo Task Force)	64
	Worked with partners so that potentially harmful peptides and hormones became scheduled as 'prescription-only medicines'	91
	Identified vulnerabilities for organised crime exploitation of processes for registering a name change (Project Macrobust)	75
	Provided case studies and related intelligence for consideration by the Financial Action Task Force and other international bodies	64
	Contributed insights to many parliamentary and other enquiries/reviews to inform and influence decisions and national responses	52–5
	Influenced further responses, including preventative activities in relation to child abuse and violence affecting vulnerable Indigenous communities, through previously produced intelligence	108–9
RESPOND: KPI 6 The ACC influences or enables the disruption, disabling or dismantling of serious and organised crime. 	83% of stakeholder survey respondents agree or strongly agree that we achieved this key performance indicator	151
	54 serious and organised criminal groups/networks disrupted	Highlights are included in Chapters 3 and 4
	\$34.53 million cash seized	
	More than \$1.96 billion estimated street value of illicit drugs seized	
	More than \$175.7 million estimated street value of precursor chemicals seized	
	More than \$238.89 million in assets restrained	
	\$81 million forfeitures and pecuniary penalty orders issued	
	\$95.3 million tax assessments issued	
	194 people arrested on 548 charges	
	18 firearms seized	
	Referred 88 entities with an estimated value of offending of \$80.81 million for consideration by the Criminal Assets Confiscation Taskforce	67

RESPOND (continued)

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

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

KPI	Achievements	Page
RESPOND: KPI 7 The ACC participates in or coordinates collaboration in joint operations and investigations to prevent and disrupt serious and organised crime. 	85% of stakeholder survey respondents agree or strongly agree that we achieved this key performance indicator	151
	Eligo National Task Force (money laundering in alternative financial remittance sector—national)	63, 65–6
	Criminal Assets Confiscation Taskforce (recovery of proceeds of crime—national)	66–7
	Australian Gangs Intelligence Coordination Centre Project Legion Task Force Attero Task Force Morpheus (outlaw motor cycle gangs/criminal gangs—national)	95 and 115 95 and 115 78–9 95–6
	Project Ridgeline Project Advection (foreign fighters/terrorism—national)	99 99
	Project Longstrike (malware and exploitation of digital currencies—national)	101–2
	Project Astor (detection of criminal wealth—national)	66
	Project Macrobust (regional serious and organised crime threats—national)	75
	Project Wickenby (nationally significant tax fraud—national)	67–8
	Project Sinis (migration fraud—national)	104
	Maritime task forces (disruption of organised crime exploitation of the maritime sector—VIC, NSW, QLD)	99
	Joint Organised Crime Task Forces/Groups (disruption of jurisdictional serious and organised crime groups—VIC, NSW, WA)	76–7
	Task Force Discover (vehicle theft—VIC)	46

Scorecard analysis 2013–14 and 2014–15 results

The following table provides an assessment of how we have performed, both in terms of quantitative and qualitative results, with an overall summary of performance against each key performance indicator. To put our performance into context, we have included data from the last two years in the quantitative results and, where possible, we have also included five-year trend data.

Performance scorecard analysis and trends

DISCOVER

KPI 1: The ACC produces useful intelligence that identifies and provides insights on new and emerging serious and organised crime threats.

Quantitative results

Targets added to the National Criminal Target List

2013–14	2014–15
119 in total*	61 in total
57 by the ACC	29 by the ACC

Fewer new targets were added to the National Criminal Target list this year than last year. Last year’s spike was partly due to an extensive list refreshment project we conducted with partner agencies last year, to better capture important targets.

We anticipate 2015–16 numbers will more closely reflect normal activity and provide a more stable benchmark for future trending comparisons.

* Last year this figure was under-reported as 109.

Previously unknown targets identified (money laundering entities)

2013–14	2014–15
95	112

Although it is useful to trend these numbers over time, we expect the number of targets identified to vary from year-to-year depending on our focus and the criminality being investigated.

Percentage of stakeholder survey respondents who agree or strongly agree we achieved this KPI

2013–14	2014–15
93%	88%

Although our stakeholder survey result is slightly down on last year’s very high percentage, it still represents **strong performance** in this area.

Qualitative results

We discovered new threats this year related to similar themes as reported last year.

This included identifying previously unknown **money laundering targets** and **methodologies** of international money laundering syndicates impacting Australia.

We also produced new intelligence on themes noted last year in relation to **foreign fighters/terrorism** and **visa and migration fraud**.

Other new threats identified this year related to **illicit drugs**, **firearms** and **cybercrime**.

Our performance in relation to **outlaw motor cycle gangs**, noted as a *Discover* result against this KPI last year is reflected in our *Understand* and *Respond* KPIs this year.

Summary

Overall we demonstrated a **similar level of performance** against this indicator this year as compared with last year.

DISCOVER (continued)

KPI 2: The ACC fills intelligence gaps through the identification of vulnerabilities and indicators of serious and organised crime.

Quantitative results	Percentage of stakeholder survey respondents who agree or strongly agree we achieved this KPI	
	2013–14	2014–15
	89%	78%
	Although our stakeholder survey result is down on last year's high percentage, it still represents solid performance in this area.	
Qualitative results	Our performance in filling intelligence gaps and providing indicators of serious and organised crime has improved this year through the addition of our automated alerting service with 4333 reports provided to partners on nationally significant targets.	
	New vulnerabilities identified this year, similar to last year, focused on cyber-related threats and our foreign fighter/counter-terrorism work also featured in this <i>Discover</i> KPI.	
	The number of strategic assessments is not the relevant measure. Rather it is the importance of the topics and the resulting response that we consider in assessing our performance.	
Summary	Overall we demonstrated an improvement in performance against this indicator this year as compared with last year.	

UNDERSTAND

KPI 3: The ACC collects and maintains national holdings of serious and organised crime threats and targets.

Quantitative results	Number of coercive examinations to fill intelligence gaps, enhance understanding and progress investigations	
	2013–14	2014–15
	263	176
	A number of factors combined to reduce the overall number of examinations we conducted this year compared with previous year, including: legislative impediments (see page 116), the overseas focus of several of our investigations, prioritisation of resources, and the commencement of new programs of work that need to mature before using examinations.	
	We anticipate the number of examinations in 2015–16 will trend upwards again.	
	Responses to requests for information from national and international partners	
	2013–14	2014–15
	114	354 (175 AGICC related)
	571 firearms trace requests	540 firearms trace requests
	246 firearms responses with information	302 firearms responses with information
	The volume of firearms records trace requests remained relatively stable.	
	The responses to requests for information rose sharply this year, largely due to the operation of the Australian Gangs Intelligence Coordination Centre (AGICC) (see page 95).	
	Other types of requests also increased but these will vary from year-to-year depending on the activities of partner agencies.	
	Percentage of stakeholder survey respondents who agree or strongly agree we achieved this KPI	
	2013–14	2014–15
	96%	91%
	Although our stakeholder survey result is slightly down on last year's very high percentage, it still represents strong performance in this area.	

Performance scorecard analysis and trends (continued)

UNDERSTAND (continued)

KPI 3: The ACC collects and maintains national holdings of serious and organised crime threats and targets.

Qualitative results

Continuing performance

We continued to maintain and provide partners with access to the:

- Australian Law Enforcement Intelligence Network
- Australian Criminal Intelligence Database
- National Target System (and National Criminal Target List)
- Violent and Sexual Crime Database
- National Clandestine Laboratory Database.

We also continued to provide a **shared understanding** of serious and organised crime at the jurisdictional level and undertook our annual compilation of illicit drug data.

New performance

This year, building on our Discovery work from last year and the work of the AGICC, we **developed new capabilities** to improve the collection and sharing of national holdings on serious and organised crime. These include:

- Gangs Intelligence Hub
- National Gangs List
- automated alerting.

In addition we shared over 450 intelligence reports regarding **outlaw motor cycle gangs**.

We were also instrumental in the launch of the new **Australian Cybercrime Online Reporting Network** (ACORN), which we administer and provide reporting on.

In response to government prioritisation and provision of funding, we also contributed to national intelligence holdings on **wildlife and environmental crime**.

Summary

Overall we demonstrated **an improvement in performance** against this indicator this year as compared with last year.

KPI 4: The ACC interprets and analyses national holdings to create a national serious and organised crime intelligence picture.

Quantitative results

Number of intelligence products

	2013–14	2014–15
Analytical		
Flagship	5	6
Strategic assessment, Strategic insights, Discussion paper	12	25
Operational analysis	44	21
Intelligence briefs and reports	92	82
Tactical		
Information reports	1618	1789
Other tactical information	393	394
Subtotal	2164	2317
Automated alerting	N/A	4333
Total	2164	6550
Number of agencies shared with	254	265

The production of ACC products and the breadth of sharing will always be contingent on the specific work we conduct in any year.

This slight variance on historical standards, taking into account the impact of the new automated alerting service, represents the normal variations we would expect to see (either up or down).

UNDERSTAND (continued)

KPI 4: The ACC interprets and analyses national holdings to create a national serious and organised crime intelligence picture.

Quantitative results (continued)	Percentage of stakeholder survey respondents who agree or strongly agree we achieved this KPI	
	2013–14	2014–15
	91%	88%
	Although our stakeholder survey result is slightly down on last year's very high percentage, it still represents strong performance in this area.	
Qualitative results	We produced our scheduled flagship strategic products as a core deliverable for this KPI to build the national serious and organised crime intelligence picture.	
	In addition, this year we produced two major national assessments on cybercrime and methamphetamine . The range of different topics and sectors covered by the intelligence products demonstrates our high level of performance, which is at a similar level to that reported last year.	
Summary	Overall we demonstrated a similar level of performance against this indicator this year as compared with last year.	

RESPOND

KPI 5: The ACC informs and influences the hardening of the serious and organised crime environment.

Quantitative results	Percentage of stakeholder survey respondents who agree or strongly agree we achieved this KPI	
	2013–14	2014–15
	83%	78%
	Although our stakeholder survey result is slightly down on last year's high percentage, it still represents solid performance in this area.	
Qualitative results	Our performance to prevent and harden the environment against organised crime continues some of the themes reported from last year including work in the alternative remittance sector and on illicit drugs .	
	We also produced intelligence to inform responses to harden the environment against serious and organised crime in relation to tax and secrecy havens , maritime ports and identity protection (name changes).	
	Our intelligence also informed the Financial Action Task Force and other international bodies.	
	In addition, through our contribution to parliamentary and other enquiries/reviews we informed or influenced decisions and national responses related to topics ranging from telecommunications intercepts and data retention , to the methamphetamine market and organised crime exploitation of digital currency . The number of contributions to parliamentary enquiries/reviews is not the relevant measure. Rather it is the importance of the topics and the resulting response (such as the formation of the National Ice Taskforce) that we consider in assessing our performance. We also saw results continue to flow this year from some of our previous work in Indigenous communities and with harmful peptides and hormones becoming scheduled as 'prescription-only medicines'.	
Summary	Overall we demonstrated a similar level of performance against this indicator this year as compared with last year.	

Performance scorecard analysis and trends (continued)

RESPOND

KPI 6: The ACC influences or enables the disruption, disabling or dismantling of serious and organised crime.

We have been recording our disruption-related results for many years and so are able to provide comprehensive trend data for this KPI.

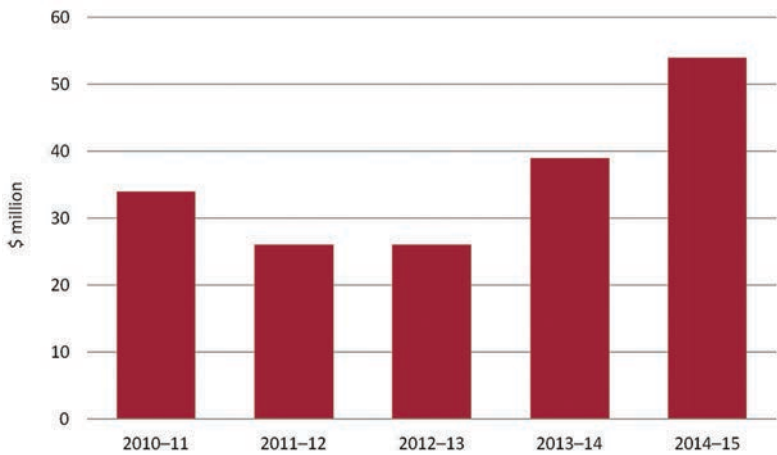
There can be many influences on these trends including: changing priorities, funding cycles, changes in staffing numbers, and operational cycles that do not always lead to disruption-related results within a given reporting year.

It is usual to see results go up and down from year-to-year, particularly on measures where one very large outcome (such as a major drug seizure) or activity can ‘spike’ a result.

As such, a longer-term review of results is required for useful comparison.

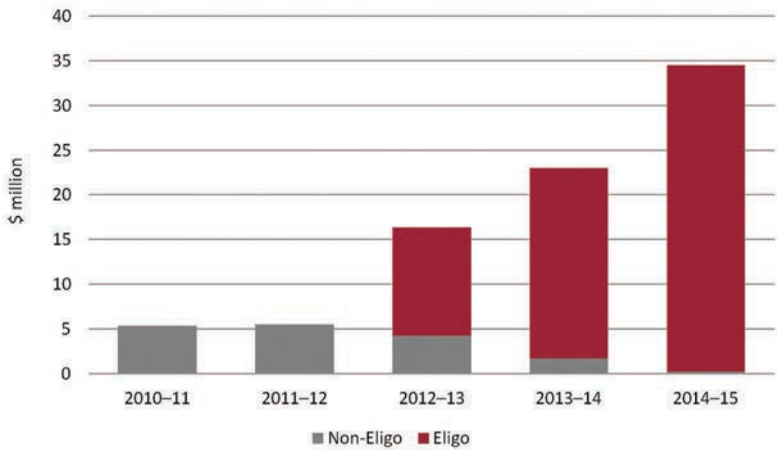
Overall these results show a consistent level of performance, with some measures trending upwards this year, particularly due to the achievements of Task Force Eligo.

Disruptions



The increasing disruption trend over the past few years reflects our effective working relationship with a range of stakeholders to disrupt serious and organised crime, particularly through Task Force Eligo.

Cash and casino chips seized



The continued increase in cash seized reflects our current focus and ACC Board approved Task Force Eligo targeting money laundering.

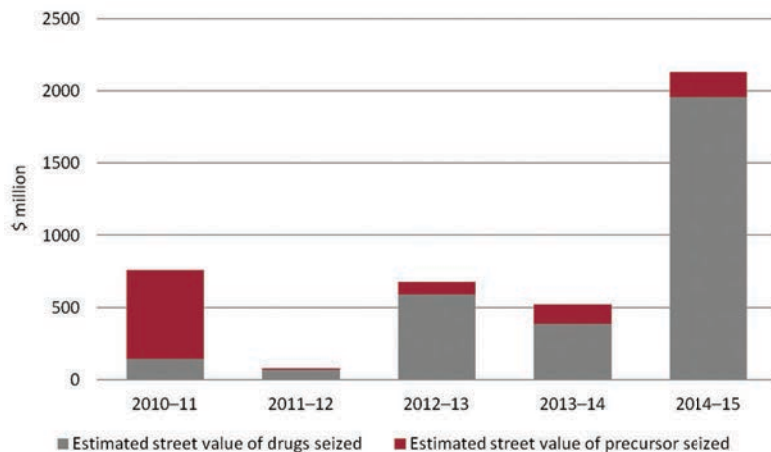
Quantitative results

RESPOND (continued)

KPI 6: The ACC influences or enables the disruption, disabling or dismantling of serious and organised crime.

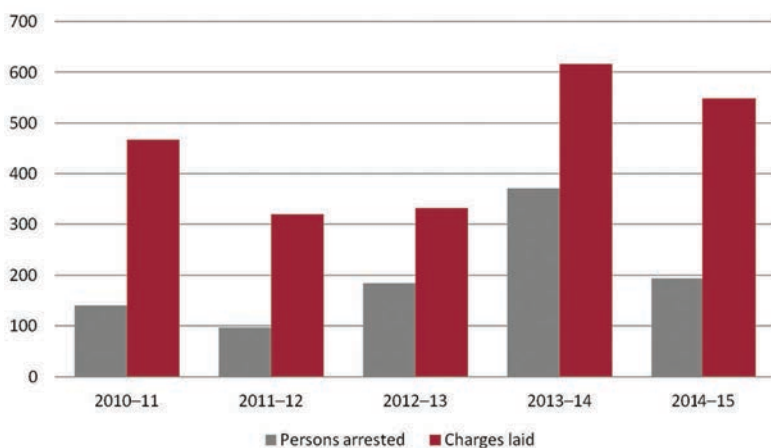
Quantitative results (continued)

Drugs and precursor chemicals seized



Drug seizure results will vary from year-to-year with operational cycles and will often spike with large seizures. This year shows a strong result.

Arrests and charges



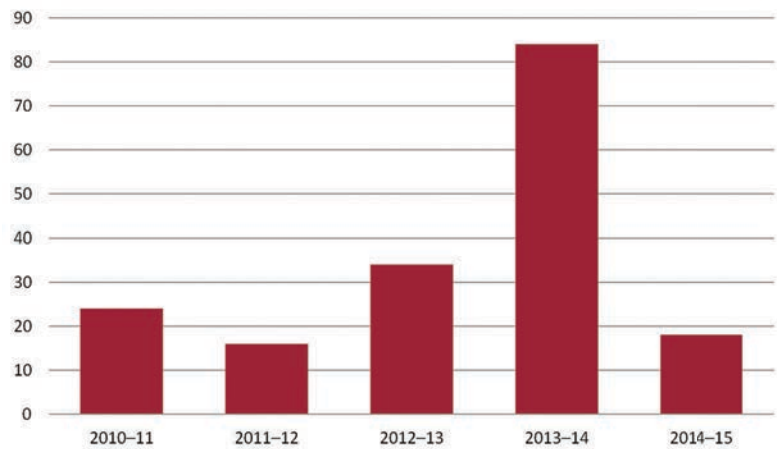
Charges laid will vary from year-to-year depending on specific operational activities. Overall this remains largely consistent with previous trends, noting a spike last year due to Task Force Attero.

Performance scorecard analysis and trends (continued)

RESPOND
KPI 6: The ACC influences or enables the disruption, disabling or dismantling of serious and organised crime.

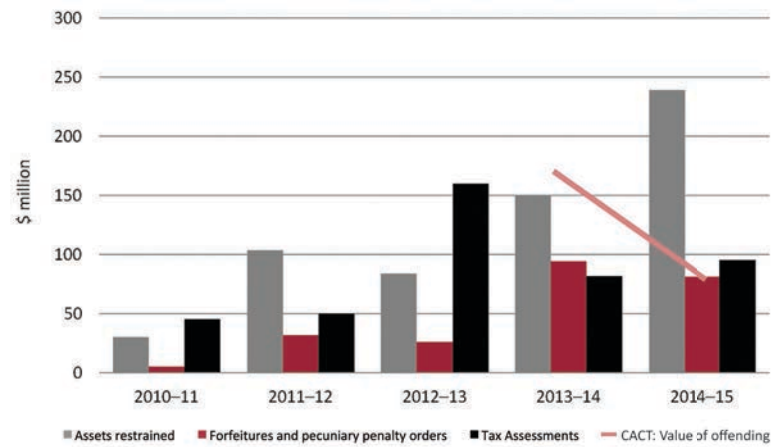
Quantitative results
(continued)

Firearms seized



Firearm seizures are undertaken in conjunction with our serious and organised crime investigations, and annual seizure figures will depend on the syndicates being targeted in a particular year.

Proceeds of crime and tax



The results from these measures on tackling criminal wealth can take a long time to come to fruition, and will vary from year-to-year. This can be skewed by large results in a particular year, but overall the results, achieved primarily through our contribution to the Criminal Assets Confiscation Taskforce, are strong.

Percentage of stakeholder survey respondents who agree or strongly agree we achieved this KPI

2013-14	2014-15
83%	83%

There was no change to our **strong performance** in this area.

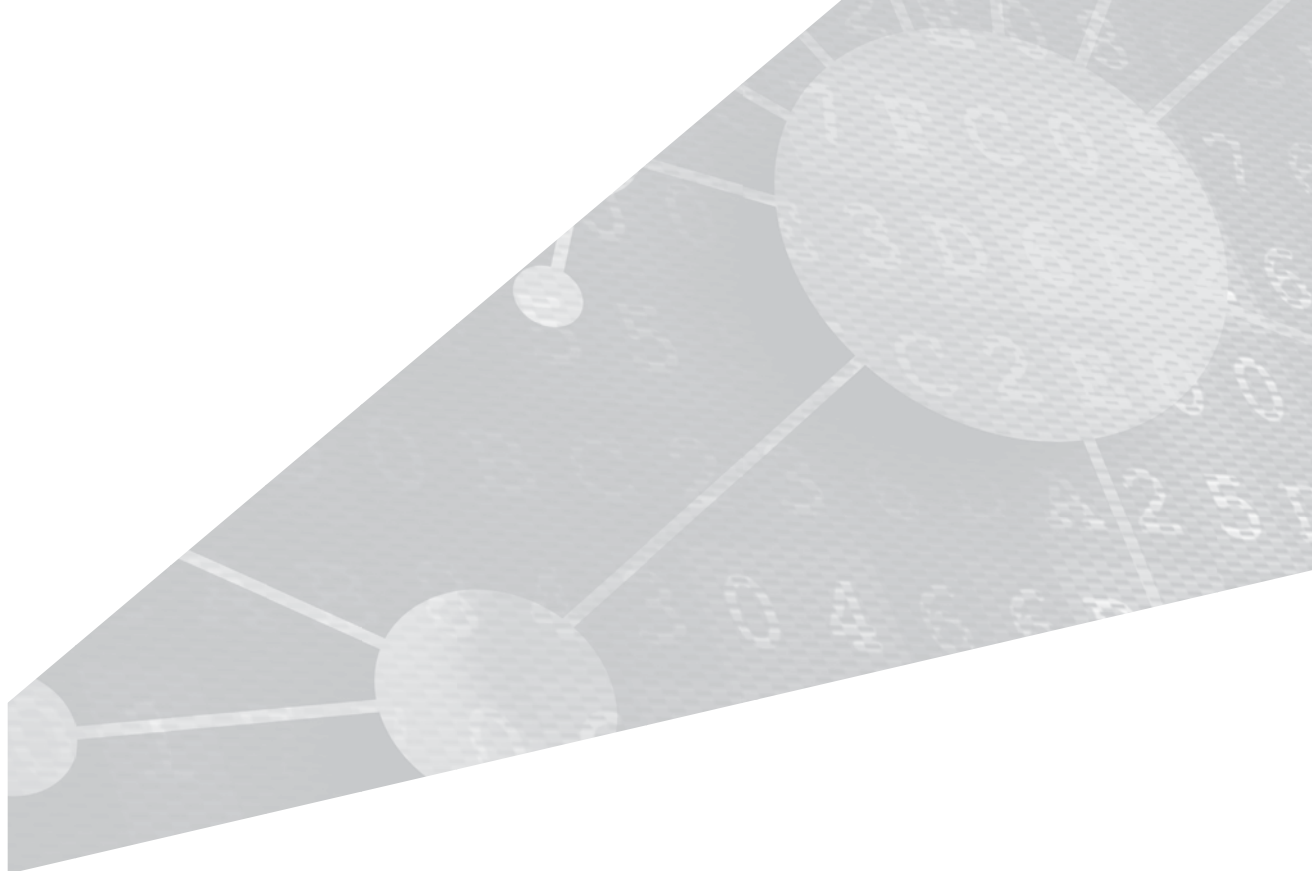
Summary

Overall this year's results show a **general positive trend** when compared with previous years.


RESPOND

KPI 7: The ACC participates in or coordinates collaboration in joint operations and investigations to prevent and disrupt serious and organised crime.

Quantitative results	Number of joint operations and investigations	
	2013–14	2014–15
	20	19
	Percentage of stakeholder survey respondents who agree or strongly agree we achieved this KPI	
Qualitative results	2013–14	2014–15
	91%	85%
	Although our stakeholder survey result is down on last year's very high percentage, it still represents strong performance in this area.	
Summary	Consistent with last year, we participated in a considerable number of joint operations, investigations and multi-agency task forces.	
	This year has seen a different pattern to last year, with a smaller number of state-specific operations, but broader engagement nationally across Australia through the large task forces such as the Eligo Task Force, which has involved activity and results in most Australian states.	
Summary	Overall we demonstrated similar performance against this indicator this year as compared with last year.	



We maintain the **national intelligence picture** on current and emerging threats. Our partners contribute to and use this picture to guide responses to **serious and organised crime**.





Chapter 2

Criminal intelligence

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Snapshot of our criminal intelligence work in 2014–15	page 39
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Flagship publications	page 40
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Other intelligence work.....	page 50
Policy submissions and advice.....	page 51
Other products	page 56
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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"> ■ producing useful intelligence that identifies and provides insights on new and emerging serious and organised crime threats ■ filling intelligence gaps by identifying vulnerabilities and indicators of serious and organised crime ■ interpreting and analysing national intelligence holdings to create a national serious and organised crime intelligence picture ■ informing and influencing hardening of the environment against serious and organised crime. 	Produced flagship publications, strategic assessments and other products, which we shared with partner agencies and more broadly as appropriate.	✓	✓	
	Informed policy and legislative reform and other national responses.	✓	✓	✓
		Achieved	Achieved	Achieved

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

In addition to the indicators above, our stakeholder survey this year revealed that:

- 88 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
- 88 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
- 78 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
- 78 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 2014–15

Past, present, future Picture of Criminality in Australia

- Produced the public ***Organised Crime in Australia 2015*** report
- Produced the ***National Criminal Target Report 2015***
- Produced the ***2013–14 Illicit Drug Data Report***



2317 intelligence products shared with 265 agencies (excluding automated alerts)



National classified assessment of **methylamphetamine market**



Public report on **serious and organised crime involvement in Australia's methylamphetamine market**



16 strategic insights products with new insights on serious and organised threats, groups, vulnerabilities, methodologies or markets (new product this year)



7 strategic assessments of crime types, markets or criminal issues



78% of stakeholders surveyed agree we fill intelligence gaps

88% of stakeholders surveyed agree we produce useful intelligence insights

Context

The threat

Serious and organised crime is sophisticated, globalised and of increasing threat to Australia. It is becoming more pervasive, powerful, complex and broader in scope. 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 areas where maximum illicit profits can be made.

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 2025*—likely future trends (classified).

Organised Crime Threat Assessment

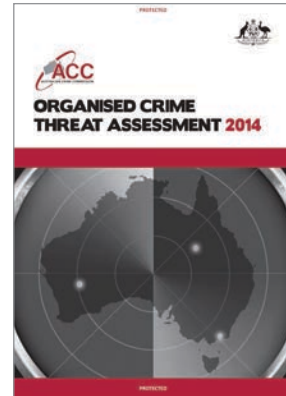
We produce a biennial, classified assessment of the risk posed to Australia by serious and organised crime.

This market-based assessment examines Australia's key illicit markets including illicit commodities, crimes in the mainstream economy and crimes against the person. We also assess activities that enable serious and organised crime, such as money laundering and cybercrime.

To establish an overall level of risk to Australia, we assess the dynamics of each market, the level of organised crime involvement, what is driving supply and demand, the harms and consequences, and the risk relative to other markets.

The assessment informs the Australian Government's *National Organised Crime Response Plan*, which aligns Commonwealth efforts against critical organised crime threats. It also informs high level decision-making about law enforcement resource priorities.

The assessment changes over time, reflecting the changing risks posed to Australia by new and emerging markets and shifts in existing markets. We produced the last *Organised Crime Threat Assessment* in 2013–14. The next assessment is due in mid-2016.



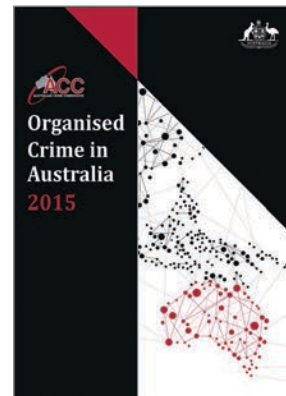
Organised Crime in Australia

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

Our *Organised Crime in Australia 2015* report, released in May 2015, attracted widespread interest and media coverage highlighting the personal impact of organised crime on everyday Australians.

The report informs government, industry, the private sector and the community about key crime markets and enablers, and how they pose a threat to the Australian community. It demonstrates that while organised crime remains involved in lucrative traditional crime markets, such as illicit drugs, its reach is now extremely diverse. Key characteristics include:

- integration into legitimate markets to conceal criminal activity
- exploitation of new technologies and online environments
- globalisation of criminal operations.



Engaging with the community is vital to successfully combating organised crime. When the community is informed and able to identify and report suspected criminal activity, it strengthens Australia's ability to harden the environment against serious and organised crime. We will release our next *Organised Crime in Australia* report in 2017.

National Criminal Target Report

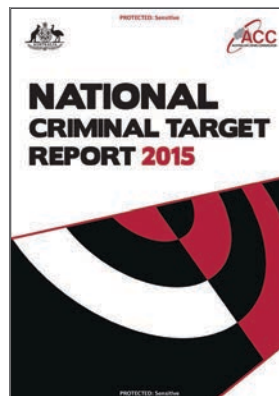
While the *Organised Crime Threat Assessment* looks at the 'what' of organised crime, the *National Criminal Target Report* looks at the 'who'.

This annual classified report provides decision-makers with a consolidated national picture of the risk posed by serious and organised crime groups affecting Australia. It informs both operational law enforcement work and strategic measures to combat serious and organised crime.

This year's report details emerging criminal markets, changes in risk and geographic footprints, as well as strategic links to wider-government initiatives including the National Ice Taskforce.

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

The involvement of a wide range of Commonwealth, state and territory agencies ensures the report accurately captures a holistic national picture of organised crime. We presented the *National Criminal Target Report* to the Board in June 2015.



Illicit Drug Data Report

Our 2013–14 *Illicit Drug Data Report*, now in its 12th edition, informs Australia's understanding of and collective response to the illicit drug threat.

The report covers arrests, seizures, purity levels, profiling data and prices. This annual statistical overview is based on data from our Commonwealth, state and territory partners, as well as academic and health data. The only report of its type in Australia, the *Illicit Drug Data Report* provides the important evidence base to assist decision-makers develop strategies to address the threat posed by illicit drugs.



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

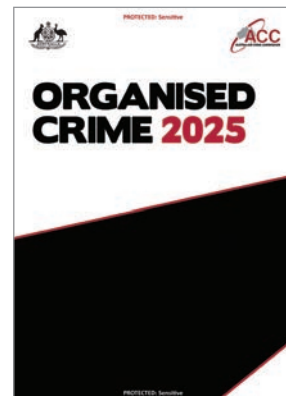
While the methylamphetamine market is the primary concern, there were also a number of records reported across other drug markets. Significant findings in the 2013–14 report include:

- a record 93 086 national illicit drug seizures
- a record weight of illicit drugs seized nationally, at over 27 tonnes—including a record 10 tonne seizure of benzaldehyde, a precursor used in methylamphetamine production (this could have been used to produce up to 4.5 tonnes of methylamphetamine, with an estimated street value of \$3.6 billion)
- the highest median purity of methylamphetamine on record
- a record 112 049 national illicit drug arrests
- a record number of border detections of amphetamine-type stimulants (ATS), excluding 3,4-methylenedioxymethamphetamine (MDMA)
- a record number of national ATS seizures and arrests
- a record number of national cannabis arrests
- a record number of national cocaine seizures and arrests
- a record number of national steroid seizures and arrests
- heroin originating in South America for the first time, as identified through analysis of heroin border seizures
- a decrease in the number of clandestine laboratories detected nationally (744) for the second consecutive year, however, still the third highest on record
- an increase in the number of clandestine laboratories located in vehicles and rural areas, but residential areas remained the most common location.

Organised Crime 2025

To be released in late 2015, *Organised Crime 2025* is the third in our series of strategic foresight products that examine factors likely to affect the Australian criminal environment over the next decade.

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



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

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

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 methylamphetamine market in Australia, cybercrime, profit-motivated vehicle theft, visa and migration fraud, public sector corruption, and a financial crime risk assessment.

The methylamphetamine market

In 2014 we provided our partners with a classified assessment of the methylamphetamine market in Australia. The assessment found that the market had grown significantly since 2010, including increases in the amount of methylamphetamine detected at the Australian border. The assessment also examined the impact of this market on traditional organised crime behaviour and partnerships.

The assessment was positively received and formed the basis for our unclassified report, *The Australian methylamphetamine market: The national picture*, released in March 2015.

Methylamphetamine, in particular crystal methylamphetamine (ice), is of significant national and international concern. Our report highlights the involvement of serious and organised crime in this market and the increasing availability of ice.

Organised crime is at the centre of the supply, distribution and use of the drug in Australia. More than 60 per cent of Australia's highest risk serious and organised crime targets are involved in the methylamphetamine market. The price paid for the drug in Australia is among the highest in the world, making importation of methylamphetamine and its precursor chemicals attractive for transnational crime groups.

Through our widely publicised unclassified intelligence picture, we are informing the broadest possible audience of the issue, generating discussion about what can be done to tackle the problem, improving community understanding of the harms caused, and informing the national response.

Our report influenced the establishment of the National Ice Taskforce as the first step in forming a National Ice Action Strategy to tackle the issue. The taskforce was announced by the Prime Minister, the Minister for Justice and the Assistant Minister for Health in April 2015. The announcement stated that 'The Australian Crime Commission considers ice poses the highest risk of all illicit drugs to our community'.

The taskforce is examining all existing efforts to address ice and identifying ways to take a systematic, comprehensive and coordinated approach to education, health and law enforcement. We are supporting the taskforce by providing expert advice, information and intelligence collection. Importantly, the National Ice Action Strategy will represent a whole-of-government response incorporating demand, supply and harm reduction components, in accordance with the three pillars of the National Drug Strategy.

Cybercrime

We worked with the Australian Cyber Security Centre to produce the *National Cybercrime Intelligence Assessment 2014*. The assessment provides a national picture of the threat posed by cybercrime in Australia, focusing on the role of serious and organised crime. This informs Australia's collective response efforts.

Findings include:

- Criminal use of malicious software (malware), including ransomware, was the key serious and organised cybercrime threat to Australia in 2014 and this will continue over the next two to five years.
- Transnational serious and organised crime syndicates pose the greatest cybercrime threat to Australia.
- Combating transnational cybercrime requires a collaborative effort between government and the private sector both domestically and internationally. The community also contributes by reporting cybercrime via the Australian Cybercrime Online Reporting Network (ACORN) (see page 123).
- While technological solutions can mitigate some threats, Australians are still vulnerable due to personal behaviours and limited knowledge of technology, particularly as a result of sophisticated social engineering used to target individuals. Social engineering in the cybercrime context involves the psychological and social profiling of individuals to increase the likelihood they will take certain actions such as opening attachments, downloading files or divulging confidential information.

- The cost of cybercrime to Australia was estimated as \$1.06 billion in 2013. The real cost is likely to be higher as this estimate was based on individual adults, and did not consider the cost to industry and government.

The Australian Cyber Security Centre also released an unclassified assessment in early 2015–16. This is the first time a national report of this nature has been produced for the public. The cybercrime component was informed by intelligence we produced.

For more details on our work in the area of cybercrime see page 102.

Profit-motivated vehicle theft

We were a member of Task Force Discover, which assessed regulatory non-compliance in the Victorian vehicle wrecking and scrap metal industries and links to profit-motivated vehicle theft. Through our involvement in this task force, we produced two strategic assessments this year.

The task force audited 432 motor wreckers and scrap metal dealers across the state and found that:

- 46 per cent of businesses did not hold the correct business licence or registration to trade
- 92 per cent of businesses did not submit notifications to the Written Off Vehicles Register
- 90 per cent of businesses were non-compliant to some degree with occupational health and safety and environmental protection regulations.

In addition, the audit identified a business that was little more than a ‘chop shop’ for stolen vehicles, attempting to operate discreetly in Melbourne’s northern suburbs. The unregistered and unlicensed business had stolen and processed at least 71 vehicles with an insured value of \$2 million. The vehicles were disassembled for their parts and components, which were exported overseas. This matter is now before the Victorian County Court.

The task force ran from December 2013 to September 2014 and was led by Victoria Police. It also involved the Australian Customs and Border Protection Service³, the National Motor Vehicle Theft Reduction Council, Consumer Affairs Victoria, the Environment Protection Authority Victoria, the Victorian Work Cover Authority and VicRoads.

3 On 1 July 2015 the Australian Customs and Border Protection Service (ACBPS) was integrated with the Department of Immigration and Border Protection and the Australian Border Force was established. ACPBPS functions and services continue to be performed by the Department, and within it, the Australian Border Force.

We produced the task force's final report, which received the International Association of Auto Theft Investigators (IAATI) Australasia Branch President's Award in March 2015. The award recognised an 'outstanding contribution by an individual or a team in the reduction and deterrence of motor vehicle theft in Australia, the achievement of a significant result from an investigation in auto crimes, or a significant achievement in the detection of motor vehicle theft and/or fraudulent vehicle crime'.



Unsafe stacking of vehicles at a motor wrecking business audited by Task Force Discover and stolen vehicles and stripped parts found during a subsequent operation.

Visa and migration fraud

In 2014–15 we collaborated with the Department of Immigration and Border Protection on a strategic assessment of visa and migration fraud. We identified elements of Australia's migration system that organised criminals are exploiting.

Visa and migration fraud occurs when a visa is issued on fraudulent or false grounds or when illegitimate or illegal visas and passports are used. It can be complex, systemic and organised, and can generate significant profits. A range of individuals are involved including applicants, registered migration agents and business operators. Visa and migration fraud has the potential to pose a significant threat to Australia's migration system. It is also a possible threat to Australia's national security, given that true identities are often difficult to establish when individuals arrive in Australia with fraudulent documentation and false identities.

Our assessment is informing law enforcement and government agencies of the risks as well as options for responding.

Public sector corruption

This year we produced an assessment on the risks, characteristics and vulnerabilities of public sector corruption. We drew on our own intelligence, combined with intelligence from our partners, to identify two areas of vulnerability to corruption by organised crime.

The first is the historically identified risk of corruption of public sector officials whose seniority or role means they are in a position to facilitate or protect criminal activities. The second is an emerging generational risk posed by younger recruits. Social networking, sharing personal information on social media, casual attitudes and an apparent growing public tolerance of 'recreational' or 'private' illicit drug-taking, have the potential to significantly increase the risk of corruption of younger public sector employees, by bringing them into contact with organised crime groups. This change is reducing the effectiveness of passive workplace monitoring, such as whistle-blower schemes, and changing traditional public sector corruption risks. For example, motivations other than money, such as group loyalties and social bonds, are being manipulated to corrupt public sector officials.

Financial crime risk assessment

In early 2015 we released the first Financial Crime Risk Assessment. We developed this classified document with the Australian Taxation Office, at the request of partner agencies.

The assessment highlights activities that enable financial crime affecting Australia, and that agencies could effectively respond to through operational focus, intelligence work, and policy and legislative reform. Examples of such enablers include technology enhancements or cyber-enabled financial crime, money laundering, the use of professional facilitators, abuse of trusts, and fraudulent phoenixing behaviour (deliberate and systematic liquidation of a corporate trading entity for illegal or fraudulent purposes). The assessment will be used to inform the priorities of the current multi-agency Serious Financial Crime Taskforce.

Strategic insights

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

This year we produced 16 strategic insights products on topics ranging from organised crime exploitation of Australia's real estate sector, money laundering methodologies and vulnerabilities in Australia, vulnerabilities related to banknotes and covert movement of money, mobile money services, the MDMA market in Australia, virtual currencies, and outlaw motor cycle gang activity.

SPOTLIGHT ON...

Outlaw motor cycle gang activity strategic insights

During 2014–15 we produced two strategic insights products about outlaw motor cycle gang activity.

The first asked the question: Is the nature of outlaw motor cycle gang violence changing? We found that the relative lull in high profile displays of violence in 2014 was likely due to a hardening of the outlaw motor cycle gang policing environment and legislative reforms. However, violence is an inherent part of outlaw motor cycle gang culture and this is unlikely to change—even with increased police attention and anti-association legislative reforms. Our strategic insights product finds that, over time, outlaw motor cycle gangs will continue to adapt and their acts of violence are likely to become more discreet and increasingly difficult to distinguish from other violent offences.

The second looked into groups affiliated with outlaw motor cycle gangs.

Many outlaw motor cycle gangs use affiliated groups to carry out low level criminal activities on their behalf, and as a source of new members. The groups include supporter clubs, street gangs, feeder groups and associate clubs. Our strategic insights product builds a national intelligence picture on these affiliated groups, identifying disruption and prevention opportunities for law enforcement agencies.



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. 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.

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.

This year we continued to work on the process for assessing harms. A key purpose of the harms process is to inform our *Organised Crime Threat Assessment*, which examines both the threat and harm of serious and organised crime activities.

Other intelligence work

Wildlife and Environmental Crime Team

We formed our Wildlife and Environmental Crime Team in early 2014–15 to collect intelligence to better understand the nature and extent of serious and organised crime involvement in wildlife and environmental offences around the Great Barrier Reef and the Torres Strait. This includes methodologies, persons of interest and links to other crimes such as money laundering and drug trafficking.

The team is part of the Australian Government's *Reef 2050 Plan* and associated *Dugong and Turtle Protection Plan*, which aims to protect listed threatened and migratory species in Far North Queensland and the Torres Strait Islands from the threats of poaching, illegal hunting and marine debris. Preserving dugong and sea turtle populations is vital to the health of the Great Barrier Reef and consequently to tourism, commercial fishing and aquaculture, recreation, scientific research and reef management.

The team aims to:

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

This builds on our earlier work to identify the nature and extent of wildlife and environmental crime.

We are collaborating with Commonwealth, state and territory law enforcement and government stakeholders and also working with academia, animal welfare organisations, business and Indigenous communities.

During the year the team:

- conducted 27 visits to 17 regional towns and Indigenous communities in Queensland, including the Torres Strait
- produced 20 tactical intelligence products, which we provided to partner agencies through 42 disseminations.

Throughout the year, team members met with, briefed and presented to communities, political representatives and authorities in Far North Queensland, the Torres Strait and Canberra.

Positive stakeholder feedback indicates the team is providing good background information and will contribute significantly to the intelligence holdings.

The Wildlife and Environmental Crime Team is funded until 30 June 2016 through the Department of the Environment, under the *Dugong and Turtle Protection Plan*.

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.

During 2014–15 we were actively involved in a range of national policy issues including:

- progressing national policy responses such as data retention and telecommunications reforms
- contributing to the Prime Minister's National Ice Taskforce, including identifying new ways to tackle the threat
- bringing together partners to consider the implications of encrypted communications
- engaging on Australia's response to countering violent extremism.

Importantly, during the year we developed successful proposals for funding under the *Proceeds of Crime Act 2002* for three significant areas of capability development:

- establishing our international deployment program (see page 126)
- improving the existing information sharing platform for criminal intelligence (see page 122)
- strengthening necessary operational capabilities to counter money laundering.

We also significantly progressed various submissions to support the Government's legislated periodic review of the ACC Act in 2015–16.

In 2014–15 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 security issues.

For example, at a national level we contributed to the Law, Crime and Community Safety Council and inter-governmental forums. In addition, the ACC is a member of and contributes to the Heads of Commonwealth Operational Law Enforcement Agencies committee, the National Justice and Policing Senior Officers Group, the National Intelligence Coordination Committee and sub-committees, the Cyber Security Operations Board and sub-committees, Cyber Policy Group and Cyber Security Group, the National Cybercrime Working Group, and the Senior Officer's Group on Organised Crime.

This year we also attended the United Nations Congress on Crime Prevention and Criminal Justice and the Five Eyes Law Enforcement Group, and supported the development of the *National Organised Crime Response Plan 2015–18*.

Parliamentary inquiries

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

Senate References Committee on Legal and Constitutional Affairs, Comprehensive Revision of the *Telecommunications (Interception and Access) Act 1979*

This inquiry looked 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 provided submissions to the inquiry during 2013–14 and hosted the committee, in camera, at the ACC Sydney office in July 2014. We proposed reforms 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.

The committee tabled its report in March 2015 following a 15-month inquiry.

Parliamentary Joint Committee on Intelligence and Security, Inquiry into the *Telecommunications (Interception and Access) Amendment (Data Retention) Bill 2014*

The *Telecommunications (Interception and Access) Amendment (Data Retention) Act 2015* was introduced in April 2015. It requires telecommunications companies to retain secure and limited metadata records for two years.

We provided a submission to this committee in January 2015 and provided evidence, both publicly and in camera, in December 2014, January 2015 and with the ACC Board in February 2015.

Our submission focused on the need for telecommunications data retention to aid investigations into serious and organised crime, including case studies illustrating the value of telecommunications data to the ACC's statutory functions. We also discussed the potential dataset, and the concept of restricting the range of agencies permitted to access such data, as well as additional oversight by the Commonwealth Ombudsman.

The committee tabled its report on 27 February 2015.

Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity, Inquiry into the jurisdiction of the Australian Commission for Law Enforcement Integrity

We appeared before a committee hearing in September 2014 and provided a submission last year. We advocated for high risk areas of Commonwealth agencies to be included within the jurisdiction of the Australian Commission for Law Enforcement Integrity (ACLEI).

We continue to work with partners to identify corruption in the Australian Public Service and support an intelligence-led approach to ACLEI's jurisdiction.

Parliamentary Joint Committee on Law Enforcement, Inquiry into financial related crime

We appeared before a committee hearing in September 2014 and provided a submission last reporting year, accompanied by a summary of intelligence.

We sought amendments to enhance information sharing and ensure designated non-financial businesses and professions (including lawyers, accountants and real estate agents) are covered by the reporting requirements of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*. We also:

- supported the Crimes Legislation Amendment (Unexplained Wealth and Other Measures) Bill 2014
- recommended the Government agree to the Parliamentary Joint Committee on Law Enforcement's recommendation to amend the *Telecommunications (Interception and Access) Act 1979* to allow the Australian Taxation Office to use information gained through telecommunication interception in its investigations
- noted that alternative remittance businesses that are the subject of intelligence regarding money laundering activities can still be registered on the Remittance Sector Register, posing a significant vulnerability to Australian anti-money laundering and counter-terrorism financing efforts.

Parliamentary Joint Committee on Intelligence and Security, Inquiry into the Counter-Terrorism Legislation Amendment (Foreign Fighters) Bill 2014

We provided a submission and appeared before a committee hearing in October 2014. Our submission noted overall support for the proposed legislative framework and gave an overview of our contribution to Australia's response to terrorism in Syria and Iraq.

Parliamentary Joint Enquiry on Law Enforcement, Inquiry into the ability of Australian law enforcement authorities to eliminate gun-related violence in the community

We provided a submission in August 2014 and provided evidence, both publicly and in camera, in October 2014. Our unclassified submission addressed the nexus between firearms and organised crime, the nature and extent of firearms markets in Australia, diversion methods to illicit markets, and the use of 3D printing technology to create firearms. We provided further contemporary classified intelligence during the in camera hearing.

Standing Committee on Infrastructure and Communications, Inquiry into the use of subsection 313(3) of the *Telecommunications Act 1979*

We provided a submission to this committee in August 2014 and appeared before a committee hearing in February 2015. We advocated that the ability to request assistance from telecommunications service providers in blocking online content is a significant tool in disrupting serious and organised crime, particularly offshore threats. For example, it will be important when responding to cyber threats such as malware and botnets, including working with Internet service providers to prevent traffic to such sites.

The committee tabled its report on 1 June.

Senate Standing Committee on Legal and Constitutional Affairs Legislation, Inquiry into the Crimes Legislation Amendment (Powers, Offences and Other Measures) Bill 2015

We provided a submission in May 2015 supporting the amendments contained in the Bill. This includes minor amendments to the *Australian Crime Commission Act 2002* to clarify persons eligible to apply for section 22 search warrants and the powers of an Examiner to return items to witnesses at an examination. It also updates Schedule 1 provisions to ensure agencies are not compelled to provide information to Examiners in contravention of certain secrecy provisions.

Senate Economics References Committee, Inquiry into digital currency

We appeared before a committee hearing in March 2015 with the Australian Federal Police and Attorney-General's Department. We outlined the way in which organised crime is using digital currencies to facilitate criminal activity, and how individuals are purchasing illicit commodities like drugs over the 'darknet' using digital currencies. We advocated that digital currencies should be regulated to remove the opportunity for these currencies to be further exploited by organised crime.

Parliamentary Joint Committee on Law Enforcement, Inquiry into crystal methamphetamine (ice)

We contributed to a whole-of-portfolio submission in June 2015. The submission provided a national overview of the methylamphetamine market and the role of organised crime, current law enforcement responses and legislative frameworks, as well as policy responses including the National Drug Strategy, National Ice Taskforce and *National Organised Crime Response Plan 2015–18*.

Northern Territory Legislative Assembly Select Committee inquiry into ‘ice’

We provided an unclassified submission in May 2015 and appeared before this committee in June 2015. Our submission reflected the unclassified findings in our report on the methylamphetamine market (see page 44) including the sources of ice cross-border trafficking, and social and community impacts in urban, community and remote settings.

Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity, Integrity of Australia’s border arrangements

We provided a submission in June 2015 addressing drivers and motivations for corruption at the border, an overview of public sector corruption and current vulnerabilities, criminality in the aviation and maritime sectors, integrity measures, and corruption prevention and response strategies.

Other inquiries

Anti-money laundering/counter-terrorism financing

During 2014–15 there were two simultaneous reviews of the anti-money laundering/counter-terrorism financing regime: a mutual evaluation undertaken by the international Financial Action Task Force, which concluded in April 2015; and a statutory review of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*. Both were led by the Attorney-General’s Department in partnership with the Australian Transaction Reports and Analysis Centre (AUSTRAC). We engaged closely with the department and provided recommendations to the committee for the statutory review, including:

- broadening the Act’s information sharing provisions across law enforcement to support comprehensive intervention and prevention responses
- expanding the regime’s scope to cover designated non-financial businesses and professions
- streamlining Australia’s information sharing provisions with international partners (that is, streamline to one whole-of-government agreement with overseas agencies, rather than requiring multiple agency-specific agreements).

The report on the statutory review is expected to be presented to the Minister for Justice in late 2015.

Other products

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

- **Reports and briefs**—We produced 84 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 21 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 2183 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 354 disseminations of intelligence holdings, and we also provided 302 responses to firearm trace requests, making a total of 656 responses. We provide responses in a range of formats, most often as information reports.

ACC intelligence outputs in 2014–15

Product type	2012–13	2013–14	2014–15
Analytical			
<i>Picture of Criminality in Australia</i> suite	4	5	6
Strategic assessments	12	12	7
Strategic insights*	N/A	N/A	16
Operational analysis	72	44	21
Intelligence briefs and issues reports	91	92	82
Discussion papers*	N/A	N/A	2
Tactical			
Information reports	1335	1618	1789
Other tactical information	352	393	394
Automated alerting**	N/A	N/A	4333
TOTAL (all products)	1866	2164	6650

* New categories introduced this year (see page 48).

** New line of product launched this year (see page 122).

How criminal intelligence fits into our approach



The work we do with our partners across national and international borders to understand serious and organised crime is central to building the national criminal intelligence picture. Each time we add another piece to the picture, we make it harder for organised crime to do business in Australia.

Looking forward

In the year ahead we will deliver our report on the cost of serious and organised crime, based on the findings of our pilot program, to determine an up-to-date cost of the impact. Knowing the cost of serious and organised crime helps to increase understanding of its impact. This informs responses to ensure that serious and organised crime cannot become entrenched and established as a self-sustaining culture within our community.

In the coming year we will also release the *National Illicit Firearms Assessment*, the 2016 *Organised Crime Threat Assessment* and further intelligence on serious financial crime.

Producing timely and relevant strategic assessments that fill intelligence gaps and expose vulnerabilities will continue to be a focus, enriched by our collaboration with criminologists from the Australian Institute of Criminology.



Our special investigations **collect evidence and intelligence** about criminal activity to **disrupt and deter criminal groups.**



Chapter 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 2014–15, we had four approved special investigations:

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

Result

We achieved our aim by contributing to 44 disruptions to criminal 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 45 people being convicted this year.

Snapshot of our criminal investigations work in 2014–15



More than **\$1.96 billion** illicit drugs seized (estimated street value)



539 charges against **190** people



More than **\$175.7 million** precursor chemicals seized (estimated street value)



45 convictions



96 coercive examinations informed investigations



\$238.89 million assets restrained by the Criminal Assets Confiscation Taskforce



1469 intelligence products



\$81 million worth of assets forfeited or recovered



44 disruptions to criminal entities



\$34.5 million cash seized



23 criminal targets added to the National Criminal Target List



4333 automated alerts on significant criminal targets (new service this year)



Identified **112** previously unknown entities laundering money



83% of stakeholders surveyed agreed 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

Discover and understand

Our efforts to discover and understand criminal profit through this special investigation this year continued to assist with achieving the objectives of other special investigations and operations, including by identifying and disrupting highest risk criminal targets (see page 71) and disrupting illicit drug markets (see page 88).

During the year we conducted 50 coercive examinations to investigate criminal activity and inform law enforcement, national security, regulatory and policy agencies around the country.

We added 11 criminal targets to the National Criminal Target List.

We produced 455 intelligence products, which we shared with partners through 1227 disseminations—building greater understanding of emerging issues.

Our Targeting Criminal Wealth special investigation continued to discover, and provide partners with, a better understanding of methodologies, groups and criminal targets. This year we identified 112 previously unknown criminal targets related to money laundering (**Eligo Task Force**).

We also identified and provided insights and produced intelligence products about emerging issues such as:

- movement of illicit funds both in Australia and overseas, including an analysis of the jurisdictions through which laundered funds pass as well as the methodologies used by serious and organised crime groups to move these illicit monies (**Eligo Task Force**)
- previously unidentified professional money laundering syndicates operating transnationally that impact on Australia, including their structures, the way in which they market their services to organised crime, and the identities of those offshore entities that control and direct the work of the syndicate (**Eligo Task Force**)
- simple and complex business structures and illegal business practices used to facilitate criminal activity and to hide the proceeds of crime (**Projects Astor and Patrobus**)
- legal and regulatory vulnerabilities associated with tax and secrecy haven jurisdictions being exploited by professional facilitators of criminal activity (**Project Patrobus**).

Respond

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

In particular, during 2014–15 the work of our Targeting Criminal Wealth special investigation contributed to enhanced national effort against national criminal wealth activities by:

- applying ACC powers and specialist intelligence collection and analysis capability to generate intelligence, proceeds of crime and targeting opportunities for us and our partner agencies, with a concerted emphasis on identifying criminal wealth and predicate offences (for example illicit drug trafficking) by ‘following the money’
- providing a value-added contribution to operations undertaken by our partners regarding high risk criminal targets involved in money laundering activities
- providing a framework to support effective national action in relation to criminal wealth, in particular through our task force arrangements, which ensure sharing of operational information and intelligence, and facilitate multi-jurisdictional operations
- referring 88 entities to the Criminal Asset Confiscation Taskforce with an estimated value of offending of \$80.81 million.

Prevention

During 2014–15 intelligence derived from the Targeting Criminal Wealth special investigation resulted in the following preventative outcomes:

- **Improved professionalism of the alternative remittance sector.**
 - We are working collaboratively with the Australian Transaction Reports and Analysis Centre (AUSTRAC), as the regulator of the alternative remittance sector, and the Australian Federal Police, to continue to engage with the alternative remittance sector, encourage greater professionalism, and harden the environment against serious and organised crime infiltration.
- **Contributed to law and policy reform initiatives and prevention strategies.**
 - We are a member of the international Five Eyes Law Enforcement Group Proceeds of Crime Working Group (see page 127 for more on the Five Eyes Law Enforcement Group). The Proceeds of Crime Working Group meets regularly to discuss and coordinate ways of leveraging the collective work of the agencies involved. With serious and organised crime and the flow of illicit funds a true international phenomenon, this collaboration is particularly important.
 - We provided case studies for consideration by the Proceeds of Crime Working Group and the international Financial Action Task Force.⁴ The case studies increase partner agency understanding of money laundering methodologies used by serious and organised crime groups. Topics included the criminal exploitation of legislative and regulatory vulnerabilities to facilitate money laundering in Australia, and the systematic non-compliance with Australia's anti-money laundering/counter-terrorism financing regime, to facilitate large-scale money laundering of profits from organised crime activities such as illicit drug importation, manufacture and distribution.
 - We contributed a submission to a review of Australia's international anti-money laundering/counter-terrorism financing regime by the international Financial Action Task Force (see page 126).

Disruption

Our work under this special operation also led to responses that disrupted serious and organised crime, including:

- \$34.36 million cash seized
- \$238.2 million worth of assets restrained
- \$52.5 million worth of assets forfeited or recovered

⁴ The international Financial Action Task Force is an inter-governmental body established in 1989 by the ministers of its member jurisdictions. Its objectives are to set standards and promote effective implementation of legal, regulatory and operational measures for combatting money laundering, terrorist financing and other related threats to the integrity of the international financial system.

- \$65.9 million worth of tax assessments issued
- 33 criminal entities disrupted
- \$381.2 million estimated street value of illicit drugs seized
- 350 charges against 146 people
- 24 people convicted.

Development and use of intelligence

The work of this special investigation incorporates the work of three multi-agency national task forces—the Eligo National Task Force, the Criminal Assets Confiscation Taskforce and Project Wickenby.

We provide nationally significant strategic intelligence that contributes to whole-of-government policies and law enforcement decision-making about money laundering, nationally significant organised tax fraud and other financially motivated crimes.

The ACC-led **Eligo National Task Force** was established in late 2012 to respond to the high risk of money laundering through the alternative remittance sector and informal value transfer systems. Eligo involves AUSTRAC and the Australian Federal Police, and also receives support from other Commonwealth, state and territory partners.

Through its activities to tackle money laundering, Eligo’s investigative strategy of following the money once again revealed organised crime activities, such as drug trafficking, that are the source of the illicit funds being laundered. This enables us to also disrupt these activities, including the following highlights:

- **\$1.6 million in cash and 257 kilograms of drugs seized, with an estimated street value of \$230 million**—We identified an organised crime syndicate involved in money laundering, controlled by an Australian based in Hong Kong. The syndicate was involved in large-scale domestic drug trafficking and laundering proceeds of crime from Australia to Asian financial hubs as part of the process of money laundering. Syndicate members were also collecting cash from other drug trafficking groups in Melbourne and Perth. Over several months we worked with the Western Australia Police and the Australian Federal Police to arrest 10 people on serious drug and money laundering offences, and seize a total of more than 257 kilograms of border controlled drugs and approximately \$1.61 million in cash. This total includes:
 - 50 kilograms of crystal methylamphetamine (ice) in June 2015, with an estimated street value of \$50 million. This was part of an ongoing Eligo investigation into a large serious and organised crime syndicate comprising Hong Kong and Chinese nationals who were involved in the importation and distribution of border controlled drugs and associated money laundering. This resulted in the arrest of a Hong Kong national and another man on drug related offences.

- 90 kilograms of methylamphetamine seized in Perth in October 2014, with an estimated street value of \$63 million. Subsequent warrants provided intelligence on importation and distribution methodologies. Intelligence now suggests the seizure relates to a wider international network targeting Australia. Six people were arrested.
- 117 kilograms of crystal methylamphetamine (ice) seized in Melbourne in July 2014. Our investigations into a group of Chinese nationals involved in bulk cash movement out of Melbourne led to one of Australia's largest post-border seizures of ice. Four suitcases containing the ice were located in an apartment in the inner-city. The estimated street value was \$117 million. Four Taiwanese nationals were arrested for drug-related offences and the investigation also resulted in four arrests for money laundering.



This is a significant impact on the illicit drug trade in Australia.

Richard Grant APM, ACC National Manager Operations and Investigations

- **‘Super-lab’ discovered and 30 kilograms of methylamphetamine seized, with an estimated street value of \$4.7 million**—Financial investigations discovered a suspected link between members of the Comanchero outlaw motor cycle gang and a clandestine laboratory on a semi-rural New South Wales property, which an associate of key Comanchero members had bought for \$1.42 million in cash. We worked with the NSW Police Force Gangs Squad to execute warrants at the property, discovering a large-scale functioning clandestine laboratory and subsequently also seized more than 30 kilograms of methylamphetamine, methylamphetamine oil and some 450 other items mainly related to manufacturing drugs. Three people were arrested and charged.

Proceeds of crime

Through our Targeting Criminal Wealth special investigation, through **Project Astor**, we target proceeds of crime by working collaboratively with the Australian Federal Police and Australian Taxation Office through the **Criminal Assets Confiscation Taskforce** (CACT) as well as by working with state and territory agencies.

We contribute to a proactive approach by helping to generate and prioritise organised crime targets for proceeds of crime action, and providing strategic advice on illicit money flows affecting Australia.

This year we referred 88 entities to the CACT with an estimated value of offending of \$80.81 million.

Overall achievements for the CACT in 2014–15 were:

- \$237.9 million assets restrained
- \$52.4 million assets forfeited
- \$95.3 million tax liabilities raised.

Other highlights relating to our proceeds of crime work include:

- **approximately \$1.79 million worth of property being restrained** from an accused Gold Coast drug trafficker who had previously been highly resilient to traditional law enforcement action (as a result of collaboration with the Queensland Crime and Corruption Commission)
- **a voluntary settlement of \$3.2 million in outstanding tax** following action against an extreme risk criminal target with links to the New South Wales nightclub industry (this related to an ACC-led project in 2012 to examine this target's criminal and legitimate business and enterprise structures)
- **tax assessments of more than \$9.1 million and \$3.2 million** (and penalties) against two directors of an alternative remittance business based in Sydney, following an Eligo referral. This was significant in terms of hardening the alternative remittance sector against serious and organised crime, and the business has now closed down.

Tax crime

Our **Project Wickenby** 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. Other agencies involved were the Australian Securities and Investments Commission, AUSTRAC, Commonwealth Director of Public Prosecutions, and the Attorney-General's Department. Through Project Wickenby we gathered 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 highlights this year included restraining orders issued for in excess of \$100 million worth of assets located in Australia and overseas. The Supreme Court of South Australia issued the restraining orders following applications by the Australian Federal Police Commissioner in his capacity as Proceeds of Crime Authority. We assisted the Australian Federal Police with developing the application and providing some support during the litigation phase. This matter is ongoing in the civil Courts.

SPOTLIGHT ON...

Project Wickenby lasting legacy

The cross-agency task force for Project Wickenby has played a pivotal role in the Australian Government's fight against tax evasion, avoidance and crime. The task force has focused on wealthy individuals who use complex offshore structures to evade tax and hide and conceal assets.

The legacy of this decade-long project is becoming clear. As the largest tax evasion investigation in Australia's history, Wickenby broke new ground. It shifted the way the community perceived tax crime and forged unprecedented partnerships across government agencies and tax administrations, both domestic and international.

From 2004 to 30 June 2015, Wickenby achieved:

- \$2.297 billion raised tax liabilities
- \$985.67 million in outstanding revenue recouped
- 4520 audits and reviews completed
- 76 people charged with serious offences
- 46 people convicted for serious offences.

The very close working relationship between Project Wickenby agencies (Australian Taxation Office, ACC, Australian Securities and Investments Commission, AUSTRAC, Commonwealth Director of Public Prosecutions, and the Attorney-General's Department) has underpinned Wickenby's success.

Wickenby's successes and lessons learnt will continue to bolster the fight against tax crime well into the future.



Reform opportunities

During the year we contributed to reviews of Australia's international anti-money laundering/counter-terrorism financing regime, including:

- participating in multi-agency meetings in late July and early August 2014 with the assessment team from the International Financial Action Task Force conducting the mutual evaluation of Australia's anti-money laundering/counter-terrorism funding regime
- providing advice and case studies that highlight vulnerabilities inherent in Australia's anti-money laundering/counter-terrorism financing regime to assist the statutory review of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*
- contributing to policy and law reform discussions in various forums including the Anti-Money Laundering Interdepartmental Committee.

Looking forward

Funding for Project Wickenby ceased in June 2015. Recognising the need for Commonwealth agencies to continue to work together to combat serious financial crime, the Government announced the new multi-agency Serious Financial Crime Taskforce in May 2015. The taskforce will align the priorities and resources of Commonwealth law enforcement and regulatory agencies to target the highest risk priorities through an intelligence-led approach.

Our role will include producing a biennial Financial Crime Risk Assessment to help prioritise the taskforce's work. We will also generate leads and information about criminal targets through our unique intelligence collection and analysis capabilities.

Through our Targeting Criminal Wealth special investigation, we will continue to focus on high-risk domestic 'front' businesses (including alternative remittance and informal value transfer businesses) involved in money laundering. This will enable us to develop intelligence on the highest risk criminal targets and work with partners to develop strategies to address the threats posed by these businesses.

We will also continue to engage with industry to:

- increase the resilience and accountability of sectors that highest risk criminal targets use for money laundering
- explore strategies to encourage greater private sector involvement to increase the capacity of law enforcement to disrupt criminal finances.

To continue to support criminal wealth intelligence analysis as part of the Criminal Asset Confiscation Taskforce, we will improve the ACC's ability to discover, understand and respond to irregular illicit money flows and financial assets.

We will enhance the National Criminal Target List by identifying serious and organised crime entities, through collecting and analysing intelligence related to the creation and retention of their criminal wealth.

TCW performance scorecard 2014–15

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 and other intelligence products, which we shared with partner agencies.	✓	✓	✓
	Disrupted global money laundering and drug networks, seized cash and drugs, identified emerging issues and previously unknown criminal targets.	✓	✓	✓
	Supported improved professionalism in the alternative remittance sector.			✓
	Contributed to reviews to understand vulnerabilities.		✓	✓
	Contributed to investigations and prosecutions relating to tax fraud and tax evasion.		✓	✓
	Produced intelligence on the methodologies of previously unknown international professional money laundering syndicates and their operations in Australia and internationally.	✓	✓	✓
	Improved understanding of threats linked to legal and regulatory vulnerabilities in various financial sectors.		✓	
		Achieved	Achieved	Achieved

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

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 and organised crime entities underscores the importance of a nationally coordinated intelligence and investigative response.

There are also close links between the work we do under this special investigation and the work under our Targeting Criminal Wealth special investigation because following the money often informs and enables us to respond to, and disrupt, other criminal activities such as illicit drug trafficking (see page 62).

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 and 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 due to run until 30 June 2016.

Achievements

Discover and understand

Our work to discover and understand the highest risk criminal targets enables effective responses.

During the year we conducted 40 coercive examinations, generating intelligence our partners could act on regarding serious and organised crime targets that represent the greatest threat and risk nationally.

We added 12 criminal targets to the National Criminal Target List.

We produced 994 intelligence products, which we shared with partners through 2523 disseminations—building greater understanding about:

- known and previously unknown entities involved in serious and organised crime
- methodologies used in relation to illicit drugs
- illicit firearms trafficking
- activities of entities on the National Criminal Target List
- criminal enterprises of the Rebels Motor Cycle Club (see *Spotlight on Attero National Task Force* on page 78)
- the illicit tobacco trade
- laundering proceeds of crime.

Respond

During 2014–15 our work developing and sharing intelligence under the Highest Risk Criminal Targets special investigation initiated operational activity and outcomes.

Responses under our Highest Risk Criminal Target special investigation this year included:

- 11 criminal entities disrupted
- 189 charges against 44 people
- 21 people convicted
- \$1.58 billion estimated street value of drugs seized
- \$175.7 million estimated street value of precursor chemicals seized
- \$29.4 million worth of tax assessments issued
- \$530 000 tax recovered
- \$730 000 worth of assets restrained
- \$166 000 cash seized.

This special investigation incorporates the work of several projects including Iceberg, Rosencrantz, Macrobust and Kardinia as well as the Attero National Task Force.

The **Attero National Task Force** concluded in December 2014. Prior to this, in October 2014, two people were charged with importing a commercial quantity of a border controlled precursor, following the controlled delivery of 30 kilograms of pseudoephedrine, with an estimated street value of almost \$10 million, to a Sydney business premises. This was the result of a multi-agency Attero investigation led by the Australian Federal Police. For a full review of the Attero National Task Force, see the *Spotlight on Attero National Task Force* on page 78.

Both **Project Iceberg** and **Project Rosencrantz** operate within our Fusion capability, which brings together specialist people, tools and data from more than 20 Commonwealth, state and territory agencies to develop insightful intelligence. Through these projects we continued to develop leads, provide information and intelligence to our partners for further action and improve understanding of methodologies used by serious and organised crime groups including the following examples.

New criminal methodologies

Project Iceberg discovers new targets involved in serious and organised crime by exploiting the widest possible range of data holdings, particularly financial records.

This year through Project Iceberg we produced 86 information reports that provided new information to our partners, helped them better understand criminals' methods and created opportunities for them to respond. This included six reports identifying new target networks that were added to the National Criminal Target List. These networks were not previously known to law enforcement.

In addition, through **Project Iceberg**:

- We generated a unique national picture of the nature and extent to which transnational criminal networks exploit Australian company structures to disguise money laundering, tax evasion and illicit drug importations. This includes the identification of seven transnational criminal networks, comprising foreign nationals who regularly travelled to Australia. These networks are likely to have collectively laundered more than \$39 million disguised as legitimate financial transactions. As a result, the Department of Immigration and Border Protection will investigate the leads we generated and review the stance on visa conditions for certain travellers.
- Our work resulted in the seizure of illicit drugs and the development of risk indicators to help partners proactively identify high risk international consignments. For example, drawing on the collective resources of **Project Iceberg** and **Project Astor**, we used data matching to identify fraudulent identities, which led to the seizure of eight kilograms of methylamphetamine. Other drug seizures informed by Project Iceberg intelligence included 5.7 kilograms of crystal methylamphetamine (ice) and close to three kilograms of cocaine.
- We identified suspicious transactions revealing possible trade-based money laundering and tax/GST fraud. The activity involved a previously unknown criminal network operating across Australia and overseas. We added the criminal network to the National Criminal Target List and shared intelligence about its activities with partner agencies, including the Australian Federal Police and the Australian Taxation Office.

- We supported a Department of Immigration and Border Protection border investigation by providing new avenues of enquiry regarding a cohort of foreign nationals involved in criminal activities in Australia. This investigation provided new insights regarding visa and migration fraud methods, particularly the use of identity crime as an enabler of these activities. These investigations are ongoing.
- We developed new methods of data ingestion (compiling and processing data) and analysis that allow us to work smarter and faster, and spend more time generating high quality analytical outputs for referral to partner agencies. These efforts have reduced the time required for bulk data analysis by 97 per cent, leading to considerable time and cost savings.
- We continued to provide intelligence support to Taskforce Pharos, which identified hard-to-detect corruption within the Australian Customs and Border Protection Service (ACBPS). Taskforce Pharos was established by the ACBPS in November 2013. We worked with the Australian Commission for Law Enforcement Integrity and ACBPS representatives, to support Taskforce Pharos by drawing on the specialist information and systems made available via Fusion. Based on this work, we provided intelligence to partners, relating to specific or general corruption threats.

New criminal targets, monitoring and alerts

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

We launched an automated alerting service in August 2014, through our National Target System. This service monitors all entities on the list and automatically reports new activities to relevant partners.

Since the launch, we have provided automated alerts to relevant partners regarding more than 4333 financial transactions, company events or travel movements, linked to entities on the National Criminal Target List.

“

The alert enabled us to implement a number of controls. We appreciate the timeliness of the advice—this is an excellent example of the value of this alerting service.

Barry Adams, Director Intelligence, Crime and Corruption Commission, Queensland

Cross-jurisdictional collaboration

Through **Project Macrobust** we contribute to the state-based Joint Analyst Groups, which bring together analysts from the ACC, jurisdictional police and other Commonwealth and state-based partner agencies. They ensure collaboration between agencies and jurisdictions. The Joint Analyst Groups provide a shared understanding of serious and organised crime threats and emerging issues at the jurisdictional level. (For more details, see page 116.)

The Joint Analyst Groups continue to build on the collective national expertise and knowledge of the highest threat serious and organised crime in Australia, through the development and disclosure of intelligence reports and assessments to stakeholders. Over the last 12 months 161 intelligence products were disclosed to partner agencies. These assessments informed stakeholders of changes in the serious and organised crime environment and movement within criminal markets, in relation to the highest risk targets, and informed intelligence or operational responses by stakeholders against these targets.

For example, this year we assisted our partners and produced intelligence products regarding:

- an emerging threat to Victoria posed by illicit firearms sourced from the 'darknet'
- possible corrupt activities of some Australian security businesses and employees
- understanding of active serious and organised crime entities with a presence in partner jurisdictions, through the National Criminal Target List (this was also through **Project Rosencrantz**)
- the illicit tobacco trade and maximising opportunities to disrupt this trade
- vulnerabilities of change of name processes exploited by organised crime.

Illicit firearms and firearms trafficking

Through **Project Kardinia** we provide intelligence on illicit firearms and firearms trafficking to assist state police agency investigations. The firearms trace dataset includes some 1.8 million firearm transactions and importation records, dating back to the late 1800s. We provide online firearms tracing and information on how firearms are moved from legitimate to illicit markets to support active investigations. We also provide on-the-ground support when requested to attend significant firearms seizures. This project operates within our Fusion capability.

This year we responded to 540 firearm trace requests, disseminating 302 responses with information.

In addition:

- we informed and influenced discussions on firearms policy through our contribution to the Firearms and Weapons Policy Working Group, led by the Attorney-General's Department, and the National Firearms Program Advisory Group, led by CrimTrac
- we helped improve the quality and consistency of firearms identification templates in the CrimTrac-led National Firearms Identification Database
- we attended international forums including the United Nations Program of Action on Small Arms and Light Weapons—this forum discussed new and emerging firearms technologies, particularly emerging manufacturing techniques.

State-based joint organised crime responses

Through our Highest Risk Criminal Targets special investigation we support the work of the Victorian Joint Organised Crime Task Force, the New South Wales Joint Organised Crime Group and the Western Australia Joint Organised Crime Task Force, which was launched in June 2015.

This year the New South Wales Joint Organised Crime Group results included:

- the discovery of 1917 kilograms of 3,4-methylenedioxymethamphetamine (MDMA), with an estimated street value of \$651 million, and 849 kilograms of ice, with an estimated street value of \$849 million, in a shipping container arriving in Australia—six people were charged
- the seizure of 218 kilograms of pseudoephedrine, with an estimated street value of \$165.7 million, and the subsequent arrest of one person
- the seizure of 88 kilograms of heroin, with an estimated street value of \$33 million, and 21 kilograms of methylamphetamine, with an estimated street value of \$21 million—two people were charged
- the seizure of 17.5 kilograms of cocaine, with an estimated street value of \$5.7 million, and the arrest of one person.

This year the Victorian Joint Organised Crime Task Force results included:

- the seizure of approximately 24 kilograms of heroin, with an estimated street value of \$9 million, eight kilograms of amphetamines, \$86 000 in cash and a sawn-off shotgun—nine people were charged
- the seizure of 50.12 kilograms of methylamphetamine, with an estimated street value of \$23.18 million, four litres of methylamphetamine, 2.6 kilograms of cocaine and \$220 000 cash—seven people were charged. This was the result of direct support to the Eligo Task Force following three operational referrals (see page 65 for more on Task Force Eligo).

Proceeds of crime

Sometimes the outcomes of our work continue to play out years after specific projects conclude.

For example, **Project Dinghy** ran from March 2012 to July 2013, with the aim of enhancing understanding about two Queensland-based targets on the National Criminal Target List, who had links to Balkan serious and organised crime.

Through this project, we made eight referrals to the Criminal Assets Confiscation Taskforce (see page 66).

These referrals resulted in three Australian Taxation Office reviews and the issuing of tax assessment notices with total liability raised (tax, penalties and interest) of \$21.3 million.

These matters are now subject to objections and action to recover the debt.

SPOTLIGHT ON...

Attero National Task Force



The Attero National Task Force has strengthened Australia's efforts to combat the national serious and organised crime threat presented by the Rebels outlaw motor cycle gang, which had proved highly resilient to traditional law enforcement.

The ACC Board established the Attero National Task Force in June 2012 and it concluded in December 2014. Attero combined the resources, skills and reach of the Commonwealth, states and territories to use a range of tactical, operational and strategic measures in a national response. We established a successful framework for a truly unified effort against the Rebels in both Australia and New Zealand. This included joint information sharing and management structures comprising traditional law enforcement partners as well as Commonwealth agencies and an international partner, and a coordination framework underpinned by a Joint Agency Agreement.

In doing so, Attero significantly enhanced our ability to discover, understand and respond to the threat posed by the Rebels, providing a successful model for future collaborative work. Attero produced timely operational intelligence products as well as tactical intelligence that supported nationally agreed collection requirements, and operational and strategic activity.

The task force monitored more than 400 inward and outward travel movements of Rebels members, enhancing our ability to collect intelligence on the Rebels' overseas activities and networks—noting their expansion and increased activity in Europe, South-East Asia, North America, Central America and Australasia.



Nationally coordinated bulk data analysis of the Rebels membership against data held by several Commonwealth agencies also assisted with discovering leads for further enquiry.

Attero comprised all state and territory police agencies as well as the Australian Federal Police, Australian Customs and Border Protection Service, Australian Taxation Office, Australian Securities and Investments Commission and AUSTRAC.

National Task Force Morpheus, established in September 2014, will build on Attero's success and broaden the focus to all outlaw motor cycle gangs that pose a risk to our community (see page 95).

Significant operational outcomes include:

- **21 coercive examinations that established various avenues of enquiry and enhanced existing knowledge of the Rebels nationally**
- **4149 Rebel members, nominees or associates arrested or reported**
- **5756 charges laid**
- **520 search warrants executed**
- **86 firearms and 60 other weapons seized**
- **30 kilograms of pseudoephedrine seized, with an estimated street value of almost \$10 million (Attero-Cirrostratus)**
- **21 taxation audits resulting in total liabilities identified and raised exceeding \$16.3 million and more than \$3.3 million tax collected**
- **19 797 task force reports provided**
- **97 ACC disseminations of intelligence**
- **\$776 793 fines recovered**
- **25 summons issued**
- **18 notices to produce documents issued**
- **43 successful administrative prosecutions with fines exceeding \$235 000 for non-lodgement of taxation returns.**

Looking forward

Over the next 12 months our Highest Risk Criminal Targets special investigation will focus on working with partner agencies to develop and implement strategies that address the greatest threats posed by highest risk targets, both national and international, impacting Australia.

HRCT performance scorecard 2014–15

HRCT aim	How we achieved this aim	HRCT contribution to ACC's key performance indicators		
		<i>Discover</i>	<i>Understand</i>	<i>Respond</i>
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 and organised crime environment.	Produced a range of 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, activities and methodologies.	✓	✓	✓
	Contributed to investigations, including through our coercive powers, leading to arrests and seizures of cash, drugs and firearms.	✓	✓	
		Achieved	Achieved	Achieved

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

CASE STUDY

Project Ballynoe

Time to pay the price of crime

The ripple effect of our investigations can continue for many years. An example is the record \$28 million proceeds of crime outcome this year, linked to an investigation that began 13 years ago.

Back in late 2002 the National Crime Authority (NCA) and Queensland Police Service launched Operation Mayflower, a joint investigation into the criminal activities of the Rockhampton chapter of the Rebels Motor Cycle Club, including drug production and trafficking, firearms offences and money laundering.

Soon after, in January 2003, the NCA became part of the newly formed ACC and the investigation continued under the ACC Board endorsed **Project Ballynoe**. We played a significant role in this lengthy investigation, using our specialist skills and capabilities, and seconding Queensland Police investigators to complement the ACC team. We gathered and analysed intelligence and informed operational decisions.

Key targets of the investigation, James O'Brien and Michael Falzon, were prominent in the Rockhampton chapter of the Rebels. They were 'embedded in the community' and 'ruled by fear and intimidation' according to Detective Sergeant Marc Hogan who worked on the investigation.¹

In 2008, James O'Brien was convicted of trafficking methylamphetamine and sentenced to 14 years imprisonment. The next year his business partner and fellow Rebel, Michael Falzon, was also convicted and sentenced to 10 years.

Along with drugs, weapons, cash and other items seized at the time, investigators found a photo of O'Brien in front of \$3 million in cash—drug money previously buried on Falzon's rural property.

In 2011 the investigation received the Robert Falkner Memorial Award for *Outstanding Investigation—Australia* at the 2011 International Outlaw Motorcycle Gang Investigator's Association conference in the United States. The award recognised 'exceptional law enforcement efforts in combating outlaw motorcycle gangs...a triumph of good over evil'.

That 'triumph' continued this year, with the Queensland Supreme Court ordering O'Brien and Falzon to pay \$28 million, in the state's highest ever proceeds of crime outcome. The amount reflects the value of the proceeds derived from their drug trafficking operation.

This outcome shows that ultimately, crime does not pay and that law enforcement will continue to work together to remove the profit motive for organised crime, however long it takes.

1 'Outlawed', Paula Doneman, *Queensland Police Journal*, December 2010/January 2011, page 33.

Highest Risk Criminal Targets— Victoria

Context

The ACC Board authorised this state-specific special investigation on 4 September 2013. It provides special support to Victoria Police investigations through 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 due to run to 30 June 2016.

Purpose

We work with Victoria Police to:

- enhance understanding of the nature, extent, activities, methodologies and identities of highest 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 highest risk criminal targets and their impact on Victoria.

Achievements

Our work to discover and understand the highest risk criminal targets in Victoria enables effective responses.

During the year we held six coercive examinations to inform partner agency investigations and fill identified intelligence gaps about highest risk criminal target activity across Victoria and in other jurisdictions.

The examinations provided:

- breakthrough intelligence of a criminal network and operations
- specific, targeted intelligence, which significantly advanced investigations and established other useful avenues of inquiry.

Work under this special investigation also facilitated cross-jurisdictional intelligence sharing.

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 impacting on South Australia.

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 71) and Outlaw Motor Cycle Gangs special operation (see page 94).

Our Highest Risk Criminal Targets—South Australia special investigation is due to run to 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 highest risk crime groups and their impact on the South Australian and national community
- reduce the threat posed by the highest 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.



Our special operations **gather intelligence** about the extent, impact and threat of particular criminal activities to **inform strategic and operational decisions.**



Chapter 4

Intelligence operations

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Snapshot of our special operations work in 2014–15	page 87
High Risk and Emerging Drugs.....	page 88
Outlaw Motor Cycle Gangs.....	page 94
National Security Impacts from Serious and Organised Crime.....	page 98
Making Australia Hostile to Serious and Organised Crime	page 101
Child Sex Offences	page 107
National Indigenous Intelligence Task Force (Indigenous Violence or Child Abuse No. 3)	page 108

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 2014–15, we gathered intelligence under four 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.

We also:

- maintained contact with our partners through the Child Sex Offences special operation, to stay informed and contribute to the national response
- finalised work under the former special operation, National Indigenous Intelligence Task Force (Indigenous Violence or Child Abuse No. 3) which ceased on 30 June 2014.

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 2014–15



10 disruptions to criminal entities



Produced **national cybercrime threat assessment**



80 coercive examinations improved national understanding



Produced national assessment of the **MDMA market**



772 intelligence products



Member of the **Australian Cyber Security Centre**



Produced **79 intelligence reports** on foreign fighters and counter-terrorism

- discover, understand and prioritise **cybercrime threats** affecting Australia
- contributed to first national cyber threat **public report**



Australian Gangs Intelligence Coordination Centre

- provided **459 intelligence reports** to fill gaps in knowledge and provide leads for action
- responded to **175 requests for information**



Produced strategic insights product on growth in **encrypted communications market**



Produced strategic assessment on links between serious and organised crime and **visa and migration fraud**



6 new targets added to the **National Criminal Target List**

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 than any other criminal activity, and in the process ruins the lives of countless individuals and their families.

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 has developed an increasingly holistic understanding of those markets, both domestically and internationally.

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

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

This special operation is due to run to 30 June 2016.

Achievements

Discover and understand

Our work to discover and understand Australia's illicit drug markets enables effective responses.

During the year we conducted 30 coercive examinations to fill intelligence gaps, identify insights and enhance understanding of serious and organised crime and high risk and emerging drugs. We added one criminal target to the National Criminal Target List.

We produced 101 intelligence products, which we shared with partners through 308 disseminations. These products built a greater understanding of issues such as:

- the methylamphetamine market in Australia, in particular crystal methylamphetamine (ice)
- a method of manufacturing 3,4-methylenedioxyamphetamine (MDA) using unregulated chemicals
- the potential resurgence in the domestic 3,4-methylenedioxymethamphetamine (MDMA) market

- the threat and potential harms of a range of peptides and hormones not scheduled as ‘prescription-only medicines’
- concerning trends including the diversion of chemicals to prepare steroids for illicit sale and the potential for increased organised crime involvement in the illicit pharmaceuticals market and associated adverse impacts.

Respond

During 2014–15 our work under the High Risk and Emerging Drugs special operation influenced or contributed to the following responses:

- the formation of the National Ice Taskforce to better coordinate efforts across government, education, health and law enforcement
- a sharper focus on the importation of an identified precursor and like substances used in the illicit manufacture of MDA
- the scheduling of certain peptides and hormones as ‘prescription-only medicines’.

Australia’s ice problem

The aim of **Project Baystone** is to monitor the assessed highest risk drug markets (methylamphetamine, cocaine, MDMA and heroin) and resolve intelligence gaps about those markets.

Through Project Baystone this year we worked with multi-agency bodies including the Serious and Organised Crime Coordination Committee (SOCCC)⁵ to inform the national law enforcement response to the crystal methylamphetamine (ice) problem.

We assessed the nature and extent of the threat, alternative sources of data and appropriate operational and policy responses. We provided partners with a classified strategic assessment of the methylamphetamine market and released a public report in March 2015.

Our assessment highlighted the central role of serious and organised crime in the growing market for methylamphetamine. Of all illicit drugs, we assessed that methylamphetamine, and in particular ice, poses the highest risk to the Australian community and is of significant national concern.

The head of our High Risk and Emerging Drugs special operation was subsequently seconded to the secretariat of the National Ice Taskforce, announced by the Prime Minister in April 2015.

The National Ice Action Strategy will represent a whole-of-government response to ice, incorporating demand, supply and harm reduction components, in accordance with the National Drug Strategy.

For more details about our strategic assessment of the methylamphetamine market, see page 44.

⁵ A national forum that supports a cohesive, consistent and collaborative operational response to serious and organised crime.

Data sources

Traditional sources of data on the level of illicit drug use in the community, particularly those based on user self-reporting, are becoming less reliable indicators of actual levels of drug use. This leads to under-estimation of the actual level of threat posed by some illicit markets and delays the development of appropriate responses.

We are seeking to overcome this problem by identifying and advocating more objective and scientific methods of determining actual levels of illicit drug use. One example is our support for a national waste water analysis capability, which is currently being considered under the *National Organised Crime Response Plan 2015–18*.

New method of manufacturing MDA

Through **Project Alberta-Mede** we discover and understand how target businesses are used to facilitate the manufacture of illicit drugs. We effectively disrupt criminal activity by following the diverted chemicals and equipment to illicit drug manufacture sites.

In September 2014 we released a classified intelligence assessment identifying a method, previously unknown to Australian law enforcement, of manufacturing 3,4-methylenedioxymphetamine (MDA) using unregulated chemicals.

Criminal groups generally develop new methods to produce precursor chemicals that are controlled substances. However, this method resulted in production of the drug without producing the intermediate controlled substances.

This work resulted in several successful jurisdictional investigations into the purchase of chemicals for, and manufacture of, illicit drugs. Based on this work, the Australian Customs and Border Protection Service developed profile information about importations of these chemicals and like substances, to generate targets for investigation.

Also under Project Alberta-Mede, we collaborate with partner agencies and follow the chemicals to identify suspicious purchases for the purpose of manufacturing illicit drugs. This year we shared information about suspicious purchases, related to the MDA and steroids markets, with state and territory law enforcement for further action. We discovered that non-controlled chemicals were being diverted and combined with imported raw materials for the domestic production of steroids in injectable form. We are continuing to pursue this issue under **Project Andronicus**.

Resurgence in the MDMA market

During 2014–15 our **Project Baystone** intelligence holdings suggested the MDMA market in Europe had returned to levels not seen for several years, due to renewed supplies of precursor chemicals and a return to industrial-scale production of MDMA in several countries.

There were also indications of increased availability of MDMA in several Australian jurisdictions, the very large seizure of 1917 kilograms of MDMA in November 2014 (see page 76), and continued identification of domestic manufacturing of MDMA.

We produced a brief classified assessment summarising the indicators of the potential resurgence, identifying potential sources of threat and assessing the likely short to medium-term trajectory for the market. We will closely watch the market during 2015–16 to determine if our baseline assessment is accurate and how the MDMA market evolves.

New generation performance and image enhancing drugs

We have previously identified the threat, potential harms and systemic vulnerability posed by the fact that a series of peptides and hormones were not scheduled as ‘prescription-only medicines’ in Australia.

During the year we worked with the National Integrity of Sport Unit in the Department of Health to advise the Therapeutic Goods Administration, and the substances are now scheduled under the Standard for the Uniform Scheduling of Medicines and Poisons. This was an outcome from our previous **Project Aperio**, which was a prevention and harm reduction project in 2012–13, examining the use of such drugs in professional sports in Australia and the links to organised crime.

Illicit pharmaceuticals

During our routine engagement with domestic and international partners in various sectors, we have become increasingly concerned about the threat posed by the illicit pharmaceuticals market. This threat has the potential to increase over the next five years, along with the footprint of organised crime in the market. Diverted pharmaceuticals are being supplied and used alongside other illicit opioids and stimulants. Non-medical use of some pharmaceuticals, including some which are increasingly being diverted, can have lethal consequences. This is related to the trend towards greater polydrug use (the use of two or more drugs) and supply in the Australian drug market.

Under **Project Andronicus** we have begun assessing the relevant components of the illicit pharmaceuticals market to identify:

- substances of concern
- points of vulnerability in the legitimate supply chain
- gaps in existing data and knowledge
- links between this market and other illicit drug markets
- the nature and extent of the organised crime footprint
- appropriate operational and policy responses.

Our ongoing engagement with domestic and international law enforcement agencies and with health sector stakeholders, through the Intergovernmental Committee on Drugs, will inform this assessment.

Looking forward

During 2015–16 we will continue to work towards a holistic and coordinated national response to the methylamphetamine market. In particular, we will continue to support the National Ice Taskforce and the development and implementation of a National Ice Action Strategy to ensure a comprehensive understanding of the market underpins national responses to problems associated with methylamphetamine use in the community. This will include:

- dissecting particular components of the market to identify systemic vulnerabilities and recommend appropriate action to prevent exploitation by organised crime
- working closely with police in more remote areas of Australia to identify and disrupt organised crime groups that are supplying regional towns and communities with methylamphetamine
- enhancing the evidence base concerning trends in illicit drug markets in collaboration with the Australian Institute of Criminology.

We will deepen our understanding of all illicit drug markets to help prioritise responses based on risk trajectories and intelligence gaps. This includes ongoing work under Project Andronicus to examine the illicit pharmaceuticals and performance and image enhancing drugs (particularly steroids) market.

We will continue to use our unique ability to discover and understand new and emerging illicit drug trends, to inform partners and proactively develop and drive traditional and non-traditional law enforcement responses. In particular, we will closely monitor signs of recovery in the domestic MDMA market to assess the extent and implications of this threat.

We will also continue to ‘follow the chemicals’ to shape our thinking and responses to the illicit domestic manufacture of methylamphetamine, MDMA, other amphetamine-type stimulants and steroids.

HRED performance scorecard 2014–15

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

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

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 Australian-based gangs have also established chapters in Oceania, South East Asia, the Americas and Europe.

As at 30 June 2015, there were 37 OMCGs in Australia, with more than 4500 patched members. While this is slightly lower than the figures we reported last year, it does not mean a lower level of risk. This year we have worked to strengthen agreed national definitions and standards to help ensure consistency in recording these numbers. The numbers reflect a point-in-time snapshot, with membership numbers in particular fluctuating from year to year.

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 and intelligence 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 due to run to 30 June 2016.

Achievements

Discover and understand

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

During the year we conducted 14 coercive examinations to fill intelligence gaps. Topics included national and local OMCG structures, members and recruitment, illicit activities, club culture and power plays, and OMCG relationships to businesses, companies and other entities.

We produced 468 intelligence products, which we shared with partners through 1654 disseminations. This work built a greater understanding of issues such as state/territory wealth footprints of OMCGs, drug importation and distribution and firearms.

Respond

During 2014–15 our work under the OMCG special operation influenced or contributed to responses that resulted in 10 disruptions.

Australian Gangs Intelligence Coordination Centre

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

This year the AGICC maintained and reported on the national OMCG picture and spearheaded intelligence collection against an endorsed National Collection Plan. This included intelligence on OMCG leadership, wealth, violence, pathways, and international networking and criminal cooperation.

This year the AGICC:

- contributed intelligence to 72 law enforcement operations
- provided 459 intelligence reports to fill gaps in knowledge and provide leads for action
- responded to 175 requests for information
- provided intelligence that directly led to the arrest of five OMCG members and indirectly led to another eight arrests.

The AGICC also deployed staff to partner agencies to assist multiple investigations, including deployments to the South Australia Police, Victoria Police, NSW Police Force and Queensland Police Service.

For more information about the AGICC see page 115.

National Task Force Morpheus

The new multi-agency Task Force Morpheus was formed in September 2014 to build on the success of the Attero Task Force. Attero targeted the Rebels and resulted in 4149 Rebel members, nominees or associates arrested or reported and 5756 charges between June 2012 and its closure in December 2014.

Morpheus is a joint initiative of all law enforcement agencies, with a broader focus on all OMCGs that pose a risk to our community. Our previous strategic assessments in this area assisted Morpheus to focus on the highest risk OMCGs.

Morpheus is providing the intelligence to underpin national projects focused on OMCG leadership, wealth, pathways (recruitment), movement across international borders and monitoring of Australian and international OMCG members. This work is coordinated through the AGICC and the National Anti-Gangs Squad framework.

The arrangements for Task Force Morpheus have enabled the AGICC to drive and test national approaches and improvements in dealing with OMCGs. This includes agreeing on national capability development requirements (such as the National Gangs List, see page 115), national standardised definitions, and national approaches to identifying, disrupting and preventing OMCG-related serious and organised crime.

Through Morpheus, all agencies are using their full range of capabilities to proactively and collaboratively target the highest OMCG risks to Australia and detect their criminal activity. We also now have live reporting and alerts about gang members. This includes improving understanding of the nature of OMCG serious and organised crime activity, developing and implementing crime prevention and disruption strategies, identifying underlying factors that allow OMCGs to be resilient to law enforcement, restricting and preventing opportunities for OMCGs to infiltrate legitimate business, confiscating illicit profits and targeting facilitators such as lawyers and accountants who assist OMCGs to carry out their illegal activities.

To date Morpheus has resulted in:

- 906 people arrested on 2043 charges
- 441 search warrants executed
- 207 firearms and 6162 rounds of ammunition seized
- 12 motor vehicles and nine Harley Davidson motor cycles seized
- more than \$1.35 million cash seized
- seizures of 43 kilograms and three litres of methylamphetamine, 55.7 kilograms of cannabis and 586 cannabis plants, 2703 steroid pills and other quantities of unlawfully possessed substances including prescription drugs.

Strategic insights

As described in Chapter 2, we produced two strategic insights products into OMCG activity this year, looking at the changing nature of OMCG violence and OMCG engagement with affiliate groups. Details are on page 49.

Looking forward

We will continue to collaborate with partner agencies, through the AGICC, to develop and maintain the national and transnational picture of criminal gangs impacting on Australia. We will strengthen the coordination and sharing of intelligence by complementing existing Commonwealth, state and territory efforts.

We will continue to provide high quality tactical, operational and strategic advice to the National Anti-Gangs Squad, complement existing partner investigations, and drive the discovery and development of insights into criminal gangs.

OMCG performance scorecard 2014–15

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

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

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 to reduce this threat by focusing on those areas where serious and organised crime converges with other national security activities.

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 other national security matters.

This special operation is due to run to 30 June 2016.

Achievements

Discover and understand

Our work to discover and understand national security impacts from serious and organised crime informs Australia's responses.

During the year we conducted 27 coercive examinations over 37 sittings to fill intelligence gaps and develop the national picture on current and emerging threats. We added one criminal target to the National Criminal Target List.

We produced 125 intelligence products, which we shared with partners through 400 disseminations.

We also assisted partner agencies with investigations into national security matters and provided support to Operation Sovereign Borders through the Joint Agency Task Force.

This work built greater understanding of issues such as foreign fighters and vulnerabilities at maritime ports.

Respond

During 2014–15 our work under the NSISOC special operation influenced or contributed to responses that resulted in the arrest of several people alleged to be planning violent attacks within Australia.

Counter-terrorism

We are increasing understanding of the evolving threat posed by foreign fighters, identifying previously unknown potential threats, and contributing to domestic monitoring and disruption activities. We are working closely with partner agencies to ensure we are effectively supporting them and that our work does not conflict with other activity.

The ACC Foreign Fighters Task Force commenced in September 2014, through **Project Ridgeline**. This is our contribution to the whole-of-government response to the issue of foreign fighters. Work under **Project Advection**, our initial contribution to counter-terrorism, transferred to Project Ridgeline.

Through **Project Ridgeline** we aim to identify Australian citizens involved in the Syria and Iraq conflict and whether they are engaged in serious and organised criminal activity or linked to serious and organised crime groups. We also aim to enhance understanding of the financial, communications, travel and other methodologies used to support people involved in the Syria and Iraq conflict. Sub Project Ridgeline-Pinecrest is focusing on identifying domestic terrorism threats.

Through these Ridgeline projects this year we:

- produced 79 information reports concerning foreign fighters and counter-terrorism, including disclosures that supported operational activity by regional Joint Counter Terrorism Teams and the National Disruption Group, including high profile arrests of people allegedly planning attacks in Australia
- used our coercive powers and other specialist capabilities to generate intelligence and inform partner agency operations into national security matters
- produced an intelligence brief that assisted in the profiling and identification of potential terrorism threats, by providing indicators of 'at risk' individuals
- applied Fusion's specialist data analytics tools to proactively identify persons of potential interest to our national security partners
- provided partner agencies with timely advice about demonstration activity planned around the G20 Leaders' Summit in Brisbane.

Maritime sector

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

This year we supported investigations of waterfront-related organised crime and provided intelligence about vulnerabilities at maritime ports.

From December 2014 analytical support was provided through the Joint Analyst Groups under **Project Macrobust** (see pages 116 and 75).

Looking forward

Sub Project Ridgeline-Blackthorn will examine the funding of foreign fighters and radicalised individuals, drawing on our expertise in money laundering investigations gained through the Eligo Task Force (see page 63). We will do this in partnership with relevant agencies, in particular the National Disruption Group established as part of the Government's counter-terrorism package, to investigate, prosecute and disrupt foreign fighters and their supporters.

NSISOC performance scorecard 2014–15

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

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

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 due to run to 30 June 2016.

Achievements

Discover and understand

Our work to discover and understand how to make Australia more hostile to serious and organised crime informs national responses.

During the year we conducted nine coercive examinations and produced 57 intelligence products, which we shared with partners through 491 disseminations. We added four criminal targets to the National Criminal Target List.

This work built greater understanding of issues such as cybercrime, visa and migration fraud, encrypted communications and card fraud. We also provided new insights into criminal exploitation of the virtual currency markets through three intelligence reports produced under **Project Longstrike**.

Respond

During 2014–15 our work under the MAHSOC special operation influenced or contributed to responses such as:

- an investigation into TorrentLocker Malware, based on an ACC cyber intelligence report developed under **Project Longstrike**
- an Australian Federal Police cybercrime investigation, prompted by ACC intelligence.

Cybercrime

Cybercrime is a complex, persistent threat that is having a significant impact on Australia's national interests and economic prosperity. The transnational serious and organised cyber syndicates exploiting the online environment are highly skilled in the use of the most complex technologies, presenting significant challenges for governments in responding and preventing this type of crime.

Through **Project Longstrike**, we are contributing insights, awareness and intelligence that domestic and international partners can act on. For example, we are shaping operational outcomes by:

- providing previously unknown, unique knowledge of cybercrime threats and targets affecting Australia over the past 12 months
- providing ongoing intelligence to support two international cybercrime investigations, which were initiated based on ACC intelligence products
- sharing intelligence with key international cybercrime coordination hubs and international intelligence partners such as the Federal Bureau of Investigation's National Cyber Investigative Joint Task Force, Europol's European Cybercrime Centre (EC3) Joint Cybercrime Action Taskforce and the Five Eyes Law Enforcement Group's Cybercrime Working Group
- referring knowledge about previously unknown threats to domestic law enforcement partners to consider operational responses.

Australian Cyber Security Centre

The ACC is a founding member of the Australian Cyber Security Centre, which opened in November 2014. This work is supported through **Project Longstrike**.

It brings together in one location the ACC and other operational agencies to partner for a cyber-secure Australia. These other agencies include the Australian Federal Police, Australian Security Intelligence Organisation, Australian Signals Directorate and the Attorney-General's Department Computer Emergency Response Team Australia.

The centre is the latest government initiative to better understand cyber security threats, including cybercrime, and to help Australia's security agencies respond more quickly and effectively to the continuing problem of cyber attacks.

Our role is to discover, understand and prioritise cybercrime threats affecting Australia. We are responsible for developing a national cybercrime threat assessment (see below) and aligning responses, including those from law enforcement partners, to priority threats. We use our position within both the intelligence and law enforcement communities to develop cybercrime intelligence, initiate and enhance responses, and report to government and partners.

We have already started to contribute unique insights, awareness and actionable target intelligence to domestic and international intelligence and law enforcement partners. For example we are actively engaged in, and providing ongoing intelligence support to, two international cybercrime investigations which were initiated partly based on ACC intelligence products. We have provided intelligence to key international cybercrime coordination hubs, including the Federal Bureau of Investigation's National Cyber Investigative Joint Task Force Major Cybercrimes Intelligence Unit, and the Europol European Cybercrime Centre (EC3) Joint Cybercrime Action Taskforce.

Our unique intelligence outputs are always shared with allied intelligence partners and others. Our threat reporting for operational responses to current global and Australian threats was presented to more than 20 European partners at the EC3 and all members of the Five Eyes Law Enforcement Group's Cybercrime Working Group (for more on this group, see page 102). In addition, we have referred knowledge on previously unknown threats to domestic law enforcement partners for them to consider operational responses.

We also contributed to the Australian Cyber Security Centre's first conference and the development of its first ever public national cyber threat report, released just after the reporting period in late July 2015. The report, *Australian Cyber Security Centre Threat Report 2015*, provides an overarching view of cyber adversaries and how they are operating—demonstrating the growing and unrelenting cyber threat to Australian organisations.

National cybercrime threat assessment

In addition to our contribution to the public report described above, we also produced a classified strategic assessment on the national picture of the threat posed by cybercrime, including the increasing threat of malware. Details are in Chapter 2 on page 45.

International cooperation

Through **Project Longstrike**, an ACC staff member was seconded to the Federal Bureau of Investigation's Major Cyber Crimes Intelligence Unit for a short-term placement. As a result, we are developing several joint papers on key cybercrime intelligence issues. The Federal Bureau of Investigation said the placement was instrumental in fostering efforts to cooperate internationally against cybercrime.

“

Through co-location, the FBI and the ACC can provide a more nimble, accurate, and strategic approach to reducing cybercrime and disrupting the most prolific cyber actors affecting our countries.

Christopher K. Stangl, Acting Section Chief, Federal Bureau of Investigation

Encrypted communications—criminal enabler

We played a strong role this year in bringing together partners to consider the implications of encrypted communications for Australian law enforcement agencies. In particular, through **Project Muskwood**, we have collected intelligence and provided six intelligence reports on the use of encrypted technologies by serious and organised crime as well as developing a national understanding of the market for encrypted communications in Australia and the ramifications for future law enforcement intelligence collection. This was made possible through the discovery work done under Project Tallowood last year.

We produced a strategic insights product on growth in the encrypted communications market to inform capability enhancements. This project is also informing our Cyber Capability Strategy and International Capability Strategy (see pages 125 and 126).

Visa and migration fraud

This year we worked with the Department of Immigration and Border Protection to examine links between serious and organised crime and visa and migration fraud through our work under **Project Sinis**.

As described in Chapter 2, we produced a strategic assessment identifying elements of Australia's migration system that are being exploited by organised criminals (see page 47). We also produced related strategic and operational intelligence products.

SPOTLIGHT ON...

The modern cybercrime threat

The ACC played an important role in the Australian Cyber Security Centre's first conference, including providing several presentations.

The conference attracted more than 800 attendees to hear from leading cyber security experts from Australia and abroad—providing the opportunity to share information on new threats and explore partnerships to better understand and respond to these threats.

One of our presentations, by the Manager of our Fusion Special Intelligence (Cyber) team, described criminal use of malicious software (malware) as the highest cybercrime threat to Australia over the next five years.

The cybercrime threat to Australia from international and domestic organised crime groups is significant and increasing in complexity.

Criminals use malware to disrupt Australian systems or monitor victims' online activity and steal usernames, passwords and other personal information, which is then used for financial gain.

This includes ransomware, where a computer or its files are locked down until a fee is paid. An example is the TorrentLocker ransomware campaign that targeted 1.7 million Australians.

Our presentation was well received and generated various online, radio and print media coverage—raising awareness of the threat and the need for an intelligence-led, coordinated, national response.



Firearm assessments

This year under **Project Nox** we commenced intelligence collection to inform ongoing work for our strategic firearm assessment. Our strategic assessment will assist our partner agencies to better understand vulnerabilities of the licit and illicit firearms markets in the community.

Looking forward

Cybercrime and visa and migration fraud are ongoing issues. During the coming year we will also review this special operation to see how it may need to change and adapt to these issues.

MAHSOC performance scorecard 2014–15

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

Child Sex Offences

Context

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

Purpose

Since its inception, this special operation has received referrals on issues relating to child sex offenders involved in online exploitation, sharing child pornography and child exploitation material, grooming children and child sexual exploitation in travel tourism.

We use our coercive powers to:

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

This special operation is approved until 30 June 2016.

Achievements

We had limited activity under this special operation during 2014–15.

This was partly due to the nature of investigations in this area and complications arising from the High Court decision of *X7 v Australian Crime Commission (2013)* in June 2013, as a result of which we ceased all coercive examinations of witnesses charged with indictable offences. More details about X7 are on page 166.

We produced one information report which we shared with partners through two disseminations.

We continued to engage with our partners to stay informed and contribute to the national response to the threat and harms of child sex offences, including:

- Commonwealth, state and territory law enforcement partners, as needed
- 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.

Looking forward

We are committed to ongoing collaboration with our partners and to using our coercive powers in cases where this is appropriate and will have the maximum impact.

National Indigenous Intelligence Task Force (Indigenous Violence or Child Abuse No. 3)

Context

This special intelligence operation ceased on 30 June 2014.

From 2006 to June 2014, the National Indigenous Intelligence Task Force (NIITF) worked collaboratively with law enforcement agencies, other Commonwealth, state and territory government agencies, and local service providers.

The Indigenous Violence or Child Abuse No. 3 special 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.

Achievements

Discover and understand

This year we finalised 20 intelligence products that we shared with partners through 254 disseminations.

We also released the final NIITF report to relevant stakeholders in early 2014–15. The report described the NIITF's development and work, key achievements, intelligence findings and issues for consideration. We gave presentations to various stakeholders including the Department of the Prime Minister and Cabinet, the Attorney-General's Department, the Aboriginal and Torres Strait Islander Child Protection Service Reform Project Committee and the ANZPAA Child Protection Working Group.


We also presented evidence at the Parliamentary Joint Committee on Law Enforcement Inquiry into financial related crime in Darwin, Northern Territory.

The House of Representative Standing Committee on Indigenous Affairs report *Alcohol, hurting people and harming communities—Inquiry into the harmful use of alcohol in Aboriginal and Torres Strait Islander communities* referenced our submission, which was developed from the intelligence gathered through the NIITF. Our submission included information on alcohol fuelled violence, family violence and the impact on children due to alcohol abuse.


Respond

The NIITF's work continued to contribute to responses this year, including:

- significantly influencing the Northern Territory Government's Domestic and Family Violence Reduction Strategy 2014–17 that was launched in September 2014
- resulting in the disqualification of two people from managing an Aboriginal and Torres Strait Islander corporation
- supporting the granting of three search warrants, which were executed by the Department of the Prime Minister and Cabinet's Fraud Control Investigations section
- supporting Western Australia Police operations, specifically around the Pilbara and Kimberley regions, relating to child abuse matters in remote communities
- participating in the cross-agency working group and steering committee that managed and governed the Cross Border Domestic Violence Information Sharing and Intelligence Desk (which was established in January 2013, and supports the Northern Territory Police, Western Australia Police and South Australia Police in reducing family violence in the cross border region)
- supporting South Australia Police's ongoing child abuse investigations and inter-agency prevention and education programs.



We invest in **improving our capability and services**, including the way we collaborate nationally and internationally, to support **national outcomes** that reduce serious and organised crime.



Chapter 5

Capability and development

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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 support to 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 our Fusion capability, the Australian Gangs Intelligence Coordination Centre, Joint Analyst Groups and our role as a national focal point for initiatives and forums that bring together Commonwealth, state and territory partners to address nationally significant crime.

Of particular note this year were advances in developing and launching new national databases and tools for our partners.

Snapshot of our capability and development in 2014–15



248 745 million searches of the Australian Criminal Intelligence Database



Progressed **cyber, financial and international** capability strategies



Launched new **automated alerting** service on significant criminal targets



Member of the **Australian Cyber Security Centre**



Developed **Gangs Intelligence Hub**



Collaborated on the new **Australian Cybercrime Online Reporting Network (ACORN)**



Delivered consolidated **National Gangs List**



Secured funding for **ACC international deployment program**, which will see ACC officers in Asia, the Middle East, Canada and the United States



Secured funding to **improve the existing information sharing platform**

Fusion

Since it was established in 2010, the ACC-led National Criminal Intelligence Fusion Capability has evolved from a standalone capability to become integrated into business-as-usual across the ACC.

Fusion 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. It 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.

Through Fusion we can analyse large datasets in a matter of hours, as opposed to manual analysis that can take up to six weeks.

Fusion specialises in developing intelligence on new and emerging criminal threats, ranging from communications technologies to money laundering techniques. Fusion also includes our firearms tracing service (see page 75).

Specialist teams—Fusion Monitoring, Fusion Discovery, Fusion Cyber and Fusion Special Intelligence Collection—provide niche analysis capabilities and access to other multi-agency bodies.

Fusion is integral to results achieved across many areas of our work and increasingly in demand by our partners.

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
- national security relationships
- encrypted communications collaboration.

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.

This year, through the AGICC, we produced:

- **Gangs Intelligence Hub**—This strengthens the ability to share information among partner agencies about gang activity in Australia and overseas (see page 123).
- **National Gangs List**—This is a new, nationally agreed, secure and validated list of outlaw motor cycle gang members (see page 123). During the year we developed nationally agreed categories and standards for entries on this list through collaboration with our Task Force Morpheus partners (see page 96).

“

[The National Gangs List briefing] was invaluable...particularly in identifying potential avenues of enquiry and considerations for assessing and targeting persons of interest.

Victoria Police

More details about AGICC achievements in 2014–15 are included in the report on our Outlaw Motor Cycle Gangs special operation under **Project Legion** are on page 95.

Joint Analyst Groups

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

The ACC Board, Serious Organised Crime Coordination Committee (SOCCC), Australian Criminal Intelligence Forum (ACIF) and Australia New Zealand Policing Advisory Agency (ANZPAA) recognise that combined and coordinated national efforts are required to combat the highest organised crime threats.

Under ANZPAA information sharing protocols the JAGs identify, coordinate and prioritise intelligence about targets and threats at a jurisdictional level. They provide this intelligence to Joint Management Groups (forums of senior managers) to inform the coordination of operational and intelligence decision-making.

The JAGs produce leading criminal intelligence on emerging threats, identify and develop serious and organised crime targets, and ensure that Regional Criminal Target Lists are current and accurate. In this way the JAGs ensure collaboration and build on the collective expertise and knowledge of serious and organised crime. This enhances the shared understanding of the serious and organised crime threats at the jurisdictional level.

The JAGs support our special operations and special investigations. Much of this work is done through Project Macrobust (see page 75). The JAGs also prepare pictures of serious and organised crime and emerging threats and opportunities. This work informs key intelligence products including our *Picture of Criminality in Australia*, including the *Illicit Drug Data Report*.

Since they were established in 2013, the JAGs have provided increasingly mature and timely advice to Joint Management Groups, with more support based on increased use of the Regional Criminal Target Lists and enhanced regional assessment of emerging priority criminal behaviours and threats.

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 threat and risk assessment methodology. Prior to the ACC Board endorsing the creation of the list in 2010, agencies maintained their own jurisdictional target lists, with inconsistent risk assessment processes. The absence of a contemporary national list also made it difficult to develop a clear national picture of the threat and risk associated with serious and organised crime targets operating in Australia.

Analysis of the list has assisted law enforcement and regulatory agencies, and senior decision-making bodies, such as the SOCCC 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 122).

Australian Criminal Intelligence Model

The Australian Criminal Intelligence Model represents an agreed national framework for managing knowledge of the criminal environment and better exploiting intelligence capabilities nationally.

This year, ACIF agencies continued to implement this ACC Board-endorsed model. The ACIF is monitoring progress and will consider adjustments and improvements as required. For more details about the ACIF, see page 118.

The model is improving the flow of criminal intelligence within and across the 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.

The ACIF continues to focus on three critical success factors for the model—technology, policy and legislation, and culture. While it is difficult to quantify the value of intelligence inputs, the ACIF continues to make progress against each success factor:

- **Technology**—The ACIF is working collaboratively on federated technologies (national, collectively owned and used technologies) and is building consensus on and commitment to the National Criminal Intelligence System, which is the proposed replacement for the Australian Criminal Intelligence Database and Australian Law Enforcement Intelligence Network desks (see page 122).
- **Policy and legislation**—The model was used as a benchmark in developing the ANZPAA Education and Training Guidelines for Police Intelligence. The Australasian Police Professional Standards Council has accepted and endorsed these guidelines.
- **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 SOCCC and strengthening of the Joint Management Group and Joint Analyst Group frameworks has been pivotal to the improved intelligence sharing. This collaboration has reinforced the link between intelligence and operations, and is in line with the model'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.

The ACIF is currently revising the Australian Criminal Intelligence Model's supporting Strategic Plan for 2015–18 in conjunction with a revised implementation roadmap and associated business plans. While the strategy remains largely unchanged, the addition of an associated business plan will provide enhanced delivery and accountability of the model's strategic objectives.

Australian Criminal Intelligence Forum

Australian heads of intelligence collaborate on the implementation of the Australian Criminal Intelligence Model and formulate national advice to the ACC Board and other stakeholders through the ACIF. The ACIF consists of agencies from the three operating domains of policing and community safety, serious and organised crime, and national security.

In 2014–15 the ACIF oversaw the ongoing implementation of the Australian Criminal Intelligence Model (see previous page) and continued to focus on identifying common standards, processes and protocols for managing the national intelligence assets. Other activities included:

- collaborating on national intelligence definitions
- developing a national intelligence evaluation model
- revising the National Criminal Intelligence Priorities (see below)
- collaborating on how to overcome restrictive legislation and policies that prevent information sharing
- updating a central hub for strategic products and contacts
- developing a criminal intelligence newsletter for distribution to intelligence practitioners.

The ACC chairs the ACIF and provides the secretariat function. The ACIF reports to the ACC Board twice a year, in March and September.

National Criminal Intelligence Priorities

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

The ACC Board establishes the NCIPs following advice from the ACC and the ACIF (see above). The ACIF is responsible for:

- reviewing the NCIPs and strengthening links with the *National Criminal Target Report* and *Organised Crime Threat Assessment* (see pages 41–2)
- ensuring the NCIPs are an up-to-date reflection of the dynamic criminal environment at the Commonwealth, state and territory level.

The NCIPs guide a diverse range of intelligence collection as well as national reporting. They are reviewed 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, as required.

National security relationships

We have continued to build and diversify our relationship with the national security community. For example, we have embedded staff into the newly established counter-terrorism architecture. The ACC is also an integral part of the new Australian Cyber Security Centre (see pages 102 and 125) and the Australian Counter-Terrorism Centre.

These relationships are facilitating greater collaboration and information sharing—deepening understanding of links between serious and organised crime and national security issues, which assists in disrupting such activities.

This year we strengthened 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.

Encrypted communications collaboration

Serious and organised crime uses encrypted communications as an enabler. During the year we played a strong role in bringing partners together to consider:

- the implications of encrypted communications for Australian law enforcement
- how the market for encrypted communications in Australia will have ramifications for future law enforcement intelligence collection.

For more details, see page 104.

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.

We provide secure network access for partners to a range of analytical tools and criminal intelligence databases.

This year has seen important developments, with the following new initiatives and services:

- commencement of improvements to the existing information sharing platform
- launch of the new Australian Cybercrime Online Reporting Network (ACORN)
- development of:
 - an automated alerting system to partners on high threat targets
 - a National Intelligence Hub of important outlaw motor cycle gang information
 - a National Gangs List.

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 Target System
- automated alerting service
- Gangs Intelligence Hub
- National Gangs List
- National Clandestine Laboratory Database
- Violent and Sexual Crime Database
- ALEIN information desks (our partners can access intelligence products stored within a 'desk' based structure).

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 28 international, Commonwealth, state and territory law enforcement agencies connected to ALEIN. In 2014–15 the number of active ALEIN users from those agencies was 3103, compared with 2896 in 2013–14. This year we facilitated 29 775 visits to 1060 intelligence desks within ALEIN.

This indicates a continued decline in the number of desks (12 per cent less than last year) and ALEIN visits (22 per cent less than last year). This can be attributed in part to rationalising the desks in support of the AGICC (see page 115) and the move to using the platforms of the National Gangs List (see page 123) and National Target System (see page 122).

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 26 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 working on a replacement system (see National Criminal Intelligence System on the next page).

This year we secured funding for maintenance and enhancements to the information and communications technology infrastructure of ACID and ALEIN and to start work on the National Criminal Intelligence System (NCIS).

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 2014–15 was 284 576 compared with 303 963 in 2013–14.
- **Entities created**—We created 1 070 699 new entities (uploaded intelligence reports may contain details of one or more entities such as names, addresses and other specific information).
- **Users**—We facilitated 1642 active users of ACID, reflecting a slight upward trend in user numbers from last year's total of 1600.
- **Searches**—The total number of ACID searches decreased slightly, with 248 745 in 2014–15 compared with 320 536 in 2013–14.
- **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.

National Criminal Intelligence System

We are working on a National Criminal Intelligence System (NCIS). This is the proposed replacement for ACID and ALEIN, which will support a more technologically advanced and efficient response to serious and organised crime in Australia, and will further evolve our Fusion capability for our partners.

On 30 June 2015 the Government endorsed the ACC's application for \$9.799 million of funding under the *Proceeds of Crime Act 2002* to support the development of the NCIS through 2015–16 and 2016–17.

This will build on existing infrastructure where possible to upgrade access to, and performance of, the ACID and the ALEIN systems, both of which are no longer fit for purpose. This will enable more effective criminal intelligence gathering and sharing between national, state and territory law enforcement and intelligence partners. At its full capability, the NCIS will connect to existing systems and help develop intelligence across the spectrum, from volume crime through to serious and organised crime and national security.

The NCIS will enable us to continue to deliver our ACC Act section 7A(a) function of maintaining a national database of criminal information and intelligence. A federated national law enforcement capability, the NCIS will create an agreed national interoperable framework with common principles and standards, aligned to the Australian Criminal Intelligence Model (see page 117).

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. Our 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. This list includes all nationally significant serious and organised crime targets analysed for our annual *National Criminal Target Report*.

This year we increased the value of the system by improving integration with other data sources. The number of unique daily log-ons has almost doubled since the launch of the National Gangs List and other capabilities added through the AGICC capability strategy (see page 115).

Automated alerting service

We launched an automated alerting service this year, through the National Target System. This service monitors entities on the National Criminal Target List and automatically reports new activities to relevant partners.

Gangs Intelligence Hub

This year we developed this central and secure hub of important outlaw motor cycle gang and criminal gang information and intelligence. It strengthens the ability to share information among partner agencies about gang activity in Australia and overseas.

National Gangs List

This year we delivered this secure and validated, nationally agreed list of outlaw motor cycle gang members. This consolidated, current and contextualised list enables tailored analysis of outlaw motor cycle gang information by law enforcement partners and other Commonwealth agencies.

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 2014–15.

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.

Australian Cybercrime Online Reporting Network (ACORN)

We are responsible for the administration of the new Australian Cybercrime Online Reporting Network (ACORN), which was launched in November 2014. This national policing initiative by the Commonwealth, state and territory governments allows the public to securely report cybercrime incidents. The ACORN also provides advice to help people recognise and avoid common types of cybercrime.

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

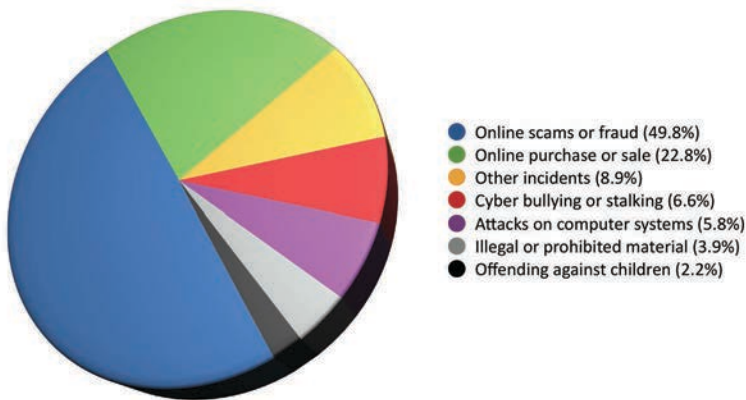
We refer incident reports to the relevant police agencies to manage and investigate. We also prepare and provide intelligence products from ongoing monitoring and trend analysis of ACORN reporting. This enables us to provide police agencies with an enhanced national picture of the cybercrime issues affecting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

We used a large range of data sources, including from the ACORN, to inform the national threat picture on cybercrime and produce the *National Cybercrime Intelligence Assessment 2014*, as part of our role within the Australian Cyber Security Centre (see page 45).

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

From 3 November 2014 to 30 June 2015, there were 25 055 ACORN reports on incidents ranging from online scams to cyber bullying.

Types of incidents reported to ACORN from November 2014 to June 2015



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

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

Capability development

Capability strategies—cyber, financial and international

Globalisation and rapidly advancing technology have had a major catalyst effect on the law enforcement operating environment. Today's global connectivity is unprecedented: economies are entwined through international trade and people can communicate clearly and cheaply through myriad Internet-based communications. Serious and organised crime effectively exploits this globalisation and connectivity, challenging law enforcement agencies to be more innovative.

In response, last year we developed three interlinked strategies—cyber, financial and international. The strategies are designed to build and enhance our existing capabilities required to work in this changing operating environment. Capabilities include personnel and tradecraft, workforce skills, tools and infrastructure, research and development, and partnerships and collaboration.

During 2014–15 we began implementing these strategies. A key focus has been to establish mutually beneficial relationships domestically and internationally, to support initiatives to tackle cybercrime, financial crime and technology enabled crime.

Cyber Capability Strategy

Our Cyber Capability Strategy focuses on capabilities to support the way we work with our partners to target cybercrime and serious and organised criminal entities whose activities are based on, or facilitated by, the Internet and the use of cyber technology.

This was a significant year for the ACC's cybercrime capabilities:

- We are part of the Australian Cyber Security Centre, which opened in November 2014. Our role includes assessing and prioritising cybercrime threats affecting Australia (see page 102). During the year we also worked with the Australian Cyber Security Centre to produce the *National Cybercrime Intelligence Assessment 2014*, to inform Australia's collective response (see page 45).
- We are the administrator of, and produce reports from, the new multi-agency initiative, the Australian Cybercrime Online Reporting Network (ACORN) (see page 123).
- We deployed new specialist technology for use in investigations and intelligence development activities, to strengthen our efforts against the exploitation of technology by organised crime syndicates.

Financial Capability Strategy

The Financial Capability Strategy focuses on capabilities to target organised crime profits, particularly through monitoring and investigating the flow of illicit funds. In this way we are attacking organised crime at its source and reducing its impact.

This year, we continued our strategy of following money flows to target financial crime, and disrupt related criminal activity, through Task Force Eligo (see page 63). We assisted in the development of, and are part of, the Serious Financial Crime Taskforce, which commenced on 1 July 2015. This taskforce brings together government agencies and industry in support of initiatives to target financial fraud (see page 17).

This year we also developed strategic intelligence products on the vulnerabilities and methodologies exploited by serious and organised crime in the financial space. This includes work on the cost of organised crime to Australia, which we expect to finalise in 2015–16.

International Capability Strategy

The International Capability Strategy reflects our shift from ad-hoc and opportunistic international engagement to ongoing and proactive engagement in response to the changing criminal environment.

A key milestone this year for all three strategies was the development of our international deployment program, which will ultimately establish ACC officers in Asia, Europe, the Middle East and North America. This program started with the long-term deployment of an ACC officer to the United States Drug Enforcement Administration. Another ACC officer also took part in a short-term exchange with the United States Federal Bureau of Investigation, as a proof of concept for potential future engagement on shared threats.

Next year more ACC officers will be deployed internationally, in support of government priorities including cybercrime, money laundering and technology enabled crime. These deployments are made possible through funding allocated through the Confiscated Assets Account under the *Proceeds of Crime Act 2002*.

Five Eyes Law Enforcement Group

The Five Eyes Law Enforcement Group (FELEG) is a primary focus in terms of international engagement and collaboration. The unprecedented international collaboration through the FELEG has enhanced our capabilities through greater information sharing, as well as tradecraft and capability exchange.

We are one of only two Australian members of the FELEG, along with the Australian Federal Police. The FELEG consists of the heads of the major law enforcement agencies including the United States Drug Enforcement Administration, Federal Bureau of Investigation and Homeland Security Investigations, as well as New Zealand Police, Royal Canadian Mounted Police and the United Kingdom National Crime Agency.

The FELEG's principle focus is to create a collective, collaborative and unified 'Five Eyes' approach to the threat and harm of serious and organised crime of mutual interest.

We closely engage with these partner law enforcement agencies at annual CEO-level FELEG meetings, and throughout the year through the FELEG's working groups, which enhance and support the Principals' forum. These working groups are: the Criminal Intelligence Advisory Group, Cyber Crime Working Group, Proceeds of Crime Working Group and Technical Working Group. These groups are guided by the Principals on outcomes of mutual interest against serious and organised crime—from an operational approach of prevention and disruption—with information and intelligence exchange to create a picture of current and emerging threats and risks to the Five Eyes.

The FELEG Principals refer to the Quintet of Attorneys-General to further matters of policy and legislative reform to combat serious and organised crime on behalf of the FELEG.

Our collaboration through the FELEG will be further strengthened and underpinned by our planned international deployments to Dubai, Washington, Ottawa and Hong Kong.

Other international collaboration

As part of the maturing of our international relationships and collaboration, we were involved in thematic engagements during the year including the following examples:

- In April 2015 our Executive Director, Strategy and Specialist Capabilities, Judith Lind, attended the 13th United Nations Congress on Crime Prevention and Criminal Justice in Qatar. This major multi-lateral congress is held every five years, bringing together diplomats, law enforcement and justice experts from around the world. This year more than 3000 delegates represented over 150 countries. The Australian delegation comprised representatives from the Attorney-General's Department, the Department of Foreign Affairs and Trade, and was led by ACC representative, Ms Lind. Australia's statement focused on foreign fighters, the death penalty and cybercrime, and the delegation actively contributed throughout the Congress. The Australian Institute of Criminology also contributed to the congress and chaired a session on experiences and lessons learned regarding public contribution to crime prevention and raising awareness of criminal justice.
- An ACC delegate attended the 2015 Countering OMCG Conference in Bangkok, Thailand in May 2015. This conference, jointly hosted by the Royal Thai Police and the Australian Federal Police, attracted delegates from 37 agencies including all Australian police services.

- In March 2015, two ACC analysts travelled to the United Kingdom at the invitation of the National Crime Agency. They received operational briefings, discussed matters relevant to our common work, and shared critical intelligence on a current FELEG priority target. The National Crime Agency requested a short-term placement of an ACC analyst. As a result, one of our analysts returned for two weeks in May–June 2015 to work with the National Crime Agency from its London office, with several operational links and new insights developed during that time.

These thematic engagements were complemented by a range of international visits to progress operational matters.



We're all driven by the same mission, which is about creating a safer environment for our country. That collaboration and commitment is a powerful force multiplier against serious and organised crime.

Richard Grant APM, National Manager, Operations and Investigations

Organisational change

During this year, we have worked closely with the Australian Institute of Criminology and various stakeholders on a proposal to merge our two agencies.

The Government has been considering recommendations from the National Commission of Audit that may further impact on the ACC. We have been involved in these discussions and consideration of options for possible further organisational changes.

During this year we also made minor changes to our organisational structure to provide more local operational accountability for our State Managers. We established a change team to ensure that we effectively manage and plan for change under appropriate executive focus and leadership.



We will continue to work across national and international borders with our partners to stop the spread of serious and organised crime and its threat to the safety and wellbeing of all Australians.

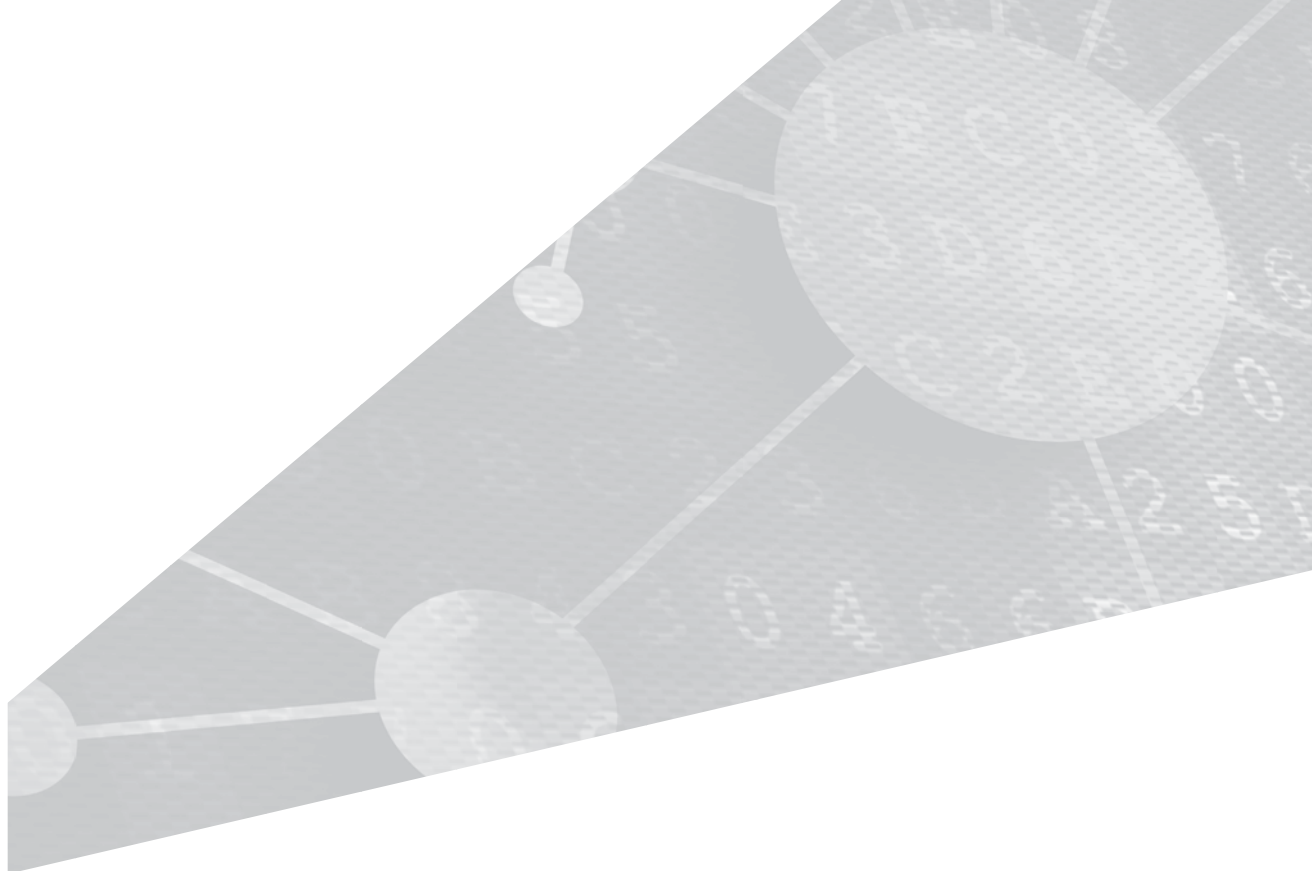
Chris Dawson APM, CEO

Looking forward


In addition to developing enhanced capabilities through the proposed merger with the Australian Institute of Criminology, we will continue to participate in discussions and consideration of options for possible further organisational change.

Another important focus for our capability development in the coming year will be the National Criminal Intelligence System (NCIS) program. The NCIS is the planned replacement for our 30-year-old national intelligence database and system (see page 122 for more details).

We will implement our international deployment program and continue to implement and refine other initiatives across our three capability strategies—cyber, financial and international.



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





Chapter 6

Management and accountability

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Our people	page 170
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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 responsibilities and obligations under the *Public Service Act 1999* and the *Public Governance, Performance and Accountability Act 2013*.

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

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, eight National Managers, five State Managers and two state/territory Liaison Officers.

During the year we changed our organisational structure to empower our managers and staff in state offices to drive operational activity and specialist capabilities. They also better support the leadership team to address the challenges we face while delivering on our strategic goals for the year and beyond.



Members of the ACC senior executive team as at June 2015.

Snapshot of our management, accountability and people in 2014–15



581 staff and 36 secondees
from partner agencies



8 offices around the country



87.9% retention rate



Developed Corporate
Plan 2015–19



2750 training and
development opportunities



Commonwealth
Ombudsman inspections
no recommendations



48.7% women 51.3% men

Investigators 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
corporate services staff

Organisation structure as at 30 June 2015



Chief Executive Officer | Chris Dawson APM

Chris Dawson commenced as the ACC's Chief Executive Officer on 28 April 2014.

Prior to joining the ACC, Mr Dawson was Deputy Commissioner of the Western Australia Police for 10 years. Having joined the Western Australia Police as a cadet in 1976, Mr Dawson's extensive law enforcement career has included serving in country and metropolitan positions with specialist portfolios of serious and organised crime, counter-terrorism and state protection. In July 2004 he was appointed Deputy Commissioner and led agency reforms following the Royal Commission into Western Australia Police. From May 2008 Mr Dawson 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). 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.



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.

Executive Director, Operations | Warren Gray (A/g)

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.

From January 2015, Mr Gray began acting as Executive Director, Operations. This directorate comprises our investigations and intelligence operations as well as intelligence products development and oversight of State Managers and Northern Territory and Tasmania Liaison Officers.

Mr Gray's substantive position is State Manager, New South Wales.



National Manager, Operations and 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, Operations and Investigations, Mr Grant's major responsibilities include managing the ACC's special operations and special investigations.

National Manager, Operational Intelligence | John Moss

John Moss has over 20 years' experience in intelligence and security related positions in New Zealand and Australia, and overseas deployments. Since joining the ACC in 2007, Dr Moss has led strategic intelligence assessments, collections and analytics and the development of our operating strategy and model. Dr Moss has a Doctorate of Philosophy and other qualifications including a Graduate Certificate in Organised Crime and Corruption Investigations.



As the ACC's National Manager, Operational Intelligence, Dr Moss manages the ACC-led National Criminal Intelligence Fusion Capability. Dr Moss also oversees the Australian Gangs Intelligence Coordination Centre, the ACC Foreign Fighters Task Force and ACC contributions to the Australian Cyber Security Centre.

State Manager, New South Wales | Warren Gray

Warren Gray is the State Manager, New South Wales. On 30 June 2015, Mr Gray was the A/g Executive Director Operations. His details are on page 135.

As the State Manager, New South Wales Mr Gray is responsible for liaison with key stakeholders and overseeing ACC operations in New South Wales.

**State Manager, Victoria | Col Blanch**

Col Blanch joined the ACC in 2006 from the Melbourne Criminal Investigation unit of Victoria Police. Mr Blanch was initially an investigator and team leader on numerous major ACC drug and money laundering operations. Mr Blanch went on to head the ACC 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.



Mr Blanch is responsible for liaison with key stakeholders and overseeing ACC operations in Victoria.

State Manager, Queensland | Charlie Carver

Charlie Carver joined the ACC in 2015. Prior to that, he spent 30 years with the Western Australia Police. Mr Carver has a strong operational background. He worked closely with the ACC (and the former National Crime Authority) including as operational leader in the late 1990s to Operation Jupiter, an outlaw motor cycle gang task force. He authored the strategic policy on serious and organised crime for the Western Australia Police and was integral in the effective disruption of criminal activities of outlaw motor cycle gangs, when leading the Organised Crime Division. Mr Carver has a Graduate Certificate of Business (Leadership), as well as Diplomas in Criminal Investigation and Policing.



Mr Carver is responsible for liaison with key stakeholders and overseeing ACC operations in Queensland.

State Manager, Western Australia | Doug Miller

Doug Miller is a Detective Superintendent with the Western Australia Police, seconded to the ACC in 2014. Mr Miller has more than 30 years' policing experience including in specialist capabilities, investigations, and intelligence collection, analysis and dissemination. Mr Miller has been involved in many high profile operations, both in Western Australia and across the country. He has Diplomas in Policing, Undercover Policing, and Criminal Investigation, and Advanced Diplomas in Business Management and Criminal Analysis.



Mr Miller is responsible for developing and building ACC relationships with other intelligence, law enforcement and regulatory agencies in Western Australia, including management oversight of joint agency operations.

State Manager, South Australia | Steve Ryan

Steve Ryan is a Detective Superintendent with South Australia Police, seconded to the ACC in late 2012. Mr Ryan has over 30 years' diverse experience in strategic, operational and investigative policing. He has a Bachelor of Arts in Criminology (Honours), and Graduate Certificates in Business Administration, and 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.



Mr Ryan was responsible for liaison with key stakeholders and overseeing ACC operations in South Australia. He left the ACC on 21 June 2015 to return to his position with South Australia Police.

Northern Territory Liaison Officer | Scott Manley

Scott Manley is a Detective Acting Superintendent with the Northern Territory Police, seconded to the ACC in late 2012. He has over 28 years' experience in general and remote policing, serious crime investigations and as the Officer in Charge of the joint agency Child Abuse Taskforce. 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 was responsible for liaison with key stakeholders and overseeing ACC operations in the Northern Territory. He left the ACC on 25 May 2015 to return to his position with the Northern Territory Police.

Tasmania Liaison Officer | David Wiss

David Wiss is a Detective Inspector for Tasmania Police, seconded to the ACC in July 2013. Mr Wiss has over 30 years' diverse experience with Tasmania Police including criminal investigations, in the Commissioner's Office, in policy areas, as a police negotiator, and on a remote area posting. Mr Wiss has a Graduate Diploma in Police Studies and 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 is responsible for liaison with key stakeholders and overseeing ACC operations in Tasmania. He left the ACC on 1 July 2015 to return to his position with the Tasmania Police.

Executive Director, Strategy and Specialist Capabilities | Judith Lind

Judith Lind has over 30 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. Joining the ACC in 2009 as National Manager, Intelligence Products Branch, Ms Lind led the development of strategic intelligence assessments, the intelligence dissemination function and the intelligence discipline.



In August 2013, Ms Lind was appointed Executive Director Strategy and Specialist Capabilities. This directorate covers the legal function, strategic intelligence and strategy, specialist capabilities and, during 2014–15, also the change management strategy.

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. She has also worked as strategic adviser to the Minister for Home Affairs and Justice, and held operational and strategic roles in the customs and defence portfolios. Ms McMullan has a Masters of Laws, a Masters of Diplomacy and a Bachelor of Arts/Laws (Hons).



Ms McMullan previously held the positions of National Manager, Specialist Capability and National Manager, Performance and Governance.

As National Manager, Specialist Capabilities, Ms McMullan was responsible for the ACC's technical and human covert intelligence collection, overseeing the ACC's collection plan, and leading the development and implementation of the ACC's Cyber Capability Strategy and the International Capability Strategy. Ms McMullan left the ACC on 29 May 2015.

National Manager, Legal Services | Rod Jensen

Rod Jensen joined the ACC in 2014. His 25-year law career includes working in Adelaide in a private law firm, several years as a solicitor, a secondment to the Royal Commission into the State Bank of South Australia, working as a prosecutor with the South Australian Director of Public Prosecutions, researching the International Criminal Court, and working with the Commonwealth Director of Public Prosecutions. Mr Jensen has a Masters degree in law.



ACC legal services include counsel assisting ACC Examiners, Special Counsel advice to the ACC Board and senior management, administrative and criminal law litigation, advice on legal issues including use of ACC powers, policy development and legislative reform.

National Manager, Strategic Intelligence and Strategy | Hamish Hansford

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



Mr Hansford held the position of ACC Chief of Staff before taking on the role of National Manager in late 2013. In this role, he is responsible for the delivery of the ACC's strategic intelligence outputs as well as the agency's policy, planning and governance functions. Mr Hansford also manages the government's election commitment to protect the Great Barrier Reef through the stand-up of the Wildlife and Environmental Crime Team.

Executive Director, Corporate Services | Paul Williams

Paul Williams served in the Royal Australian Armoured Corps for 23 years in Australia and offshore. In 2002 he joined the Australian Federal Police where he performed management functions including in ACT Policing, the International Deployment Group, Aviation and Human Resources. 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 of Corporate Services Mr Williams is responsible for key enabling services including people, business support and finance.

National Manager, Integrity, People and Change | 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.



Mr Nicholl previously held the positions of State Manager, Victoria and head of the National Indigenous Intelligence Task Force in Alice Springs. As National Manager, Integrity, People and Change, Mr Nicholl is responsible for human resources, integrity assurance and change management. He is also a mentor on the Women In Law Enforcement Scheme (WILES) and an Australian Public Service Indigenous Champion.

National Manager, Finance and Property | Yvette Whittaker

Yvette Whittaker has more than 20 years' experience in government financial management at both a state and federal level. Throughout this time Ms Whittaker has been actively involved in the implementation of significant government financial reforms. Ms Whittaker is a Certified Practicing Accountant and holds a Bachelor of Management Sciences majoring in Economics. Immediately prior to joining the ACC in 2014, Ms Whittaker held the position of Chief Financial Officer of the Commonwealth agency, CrimTrac.



As National Manager, Finance and Property and Chief Financial Officer Ms Whittaker has responsibility for the financial management of the agency, the national property portfolio, business development and business support.

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. She has a Doctorate of Philosophy in Computer Science.



Dr Milosavljevic was the key driver of the ACC-led National Criminal Intelligence Fusion Capability. As National Manager, Information she managed information from entry to exit, ensuring that it was available, secure and could be exploited by the ACC and our partners. She also oversaw related organisational capability strategy, solution development, and underlying technology infrastructure and support. Dr Milosavljevic left the ACC on 21 June 2015.

ACC Examiners

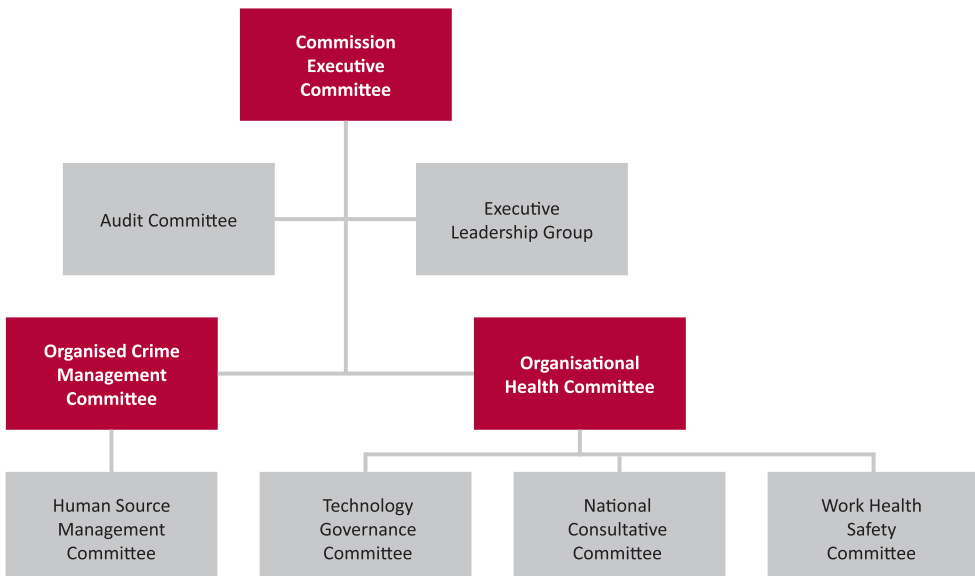
ACC Examiners are independent statutory officers appointed by the Governor-General to exercise the coercive powers set out in the ACC Act for the purpose of ACC Board-approved special operations and special investigations. To ensure accountability, coercive powers are only used when ACC Examiners are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

There is currently one full-time ACC Examiner and four part-time Examiners, all of whom have extensive experience in the legal profession.

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 committee structure as at 30 June 2015



Commission Executive Committee

The Commission Executive Committee was established in 2014–15 as our agency's peak committee to support the achievement of ACC strategic and business objectives, the effective and efficient management of ACC resources, and the management of risk. It also ensures we are accountable and meet the expectations of the ACC Board, Australian Government and the public.

The Commission Executive Committee consists of the ACC's CEO (Chair) and Executive Directors. It is supported by the Chief Financial Officer and other relevant National Managers when required. This committee meets fortnightly. It receives reporting and advice from other executive committees and considers all issues affecting ACC resources including the ACC budget, people resources and overall ACC performance.

Executive Leadership Group

The Executive Leadership Group comprises all members of the Senior Executive. The group meets periodically during the year to discuss the broader strategic operating environment and our strategic direction. The group considers new strategies and issues that will influence the ACC work plan. It also considers whole-of-agency risks as they arise. Outcomes and new initiatives from the group are referred through the other executive committees for decision or action, as appropriate.

Audit Committee

The Audit Committee includes an independent external chair and two members 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 meets quarterly, and holds an additional meeting once a year to review the financial statements. In addition, the committee monitors risk, internal controls, fraud and corruption prevention activities, and performance reporting (see further details on page 152).

Organised Crime Management Committee

The Organised Crime Management Committee makes decisions about the ACC work program and allocation of resources to support delivery of our objectives. The committee 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. It meets fortnightly.

The committee receives relevant performance reporting and advice to guide decision-making about priorities and resource and capability issues, investigative activity and intelligence production. The committee also considers agency performance, relevant issues raised by other committees and any emerging strategic issues impacting on the delivery of ACC functions. 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 Committee (see below), including strategic issues of organisational health, performance and effective function.

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

Technology Governance Committee

The Technology Governance Committee oversees all technology projects and considers any technology related risks, including information management and technology security risks. The committee meets monthly and provides advice to the Organisational Health Committee on the health and performance of the ACC technology work program. It also provides recommendations to the Commission Executive Committee on investment proposals.

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.

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 identify, develop, implement and review measures designed to manage the health and safety of our staff at work. More detail on the work by these committees is in Appendix C on page 250.

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, and recommends appropriate action if a presumptive positive test occurs or if other breaches of the policy require consideration. More detail about our Drug and Alcohol Policy is in Appendix C on page 252.

Management Review Board

The Management Review Board reviews and manages any risks identified by pre-employment screening and any complex staffing issues. This board is chaired by the National Manager, Integrity, People and Change, 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 2014–15 we focused on the priorities in our *Strategic Plan 2013–18*. The plan details our 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.

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 capability 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.

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

Evolving 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:

- the ability to deal with serious and organised crime in cyber space
- 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.

Strategic plan (continued)

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 125–6.

Our *Strategic Plan 2013–18* is on our website at <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 the following page). It includes:

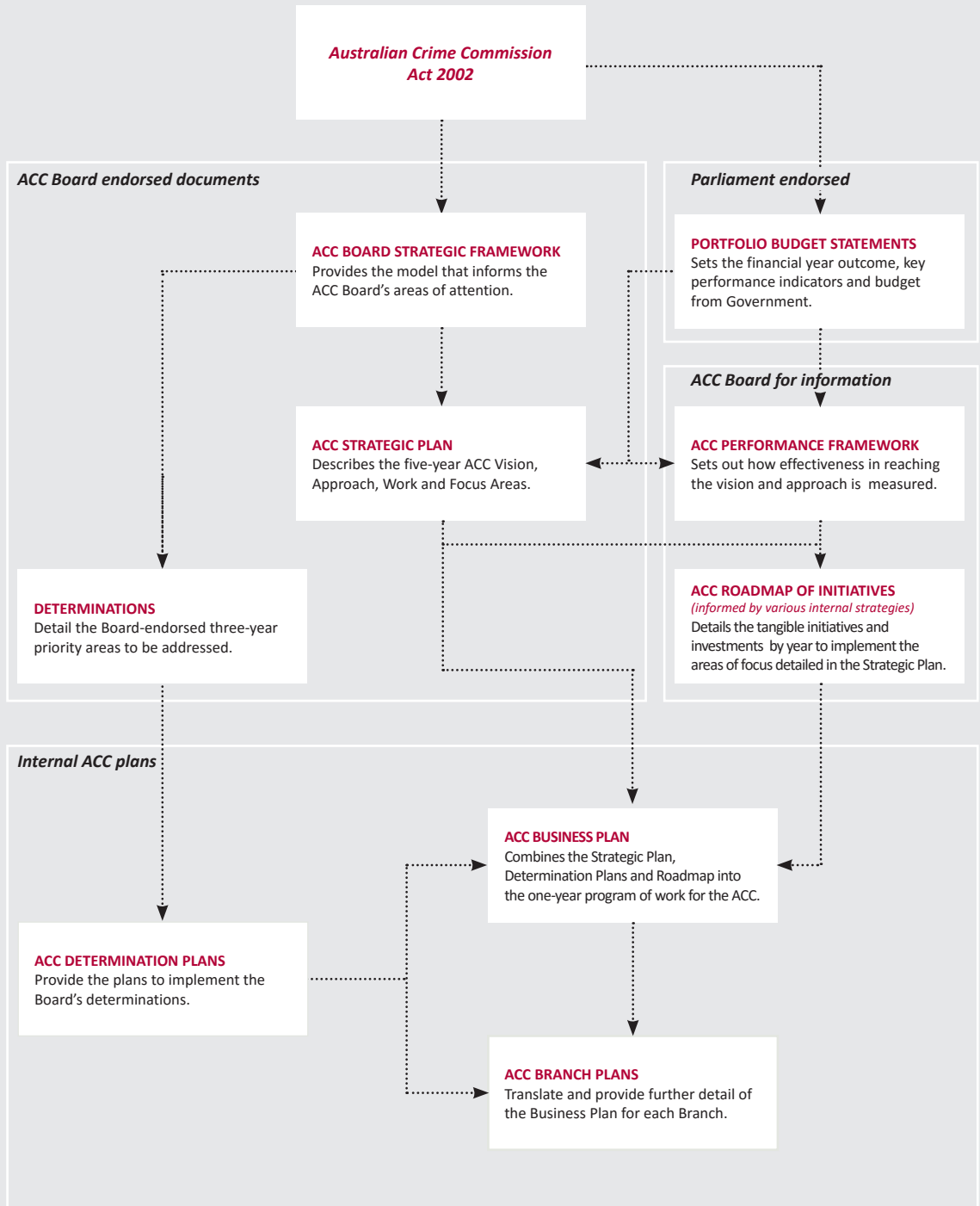
- **ACC Business Plan**—This plan focuses on the work for the financial year. It is an organisation-wide plan to balance resourcing and effort so we achieve our required special investigations and special operations and other outputs as well as build a sustainable future.
- **Investigation and Operation 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 page 178.
- **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 153.

Looking forward

There are new expectations set out in the *Public Governance, Performance and Accountability Act 2013* that relate to the way agencies will conduct planning. This year we prepared for the new planning requirements that come into effect in 2015–16, which include the publication of our corporate plan for 2015–19. These changes impact on the current ACC planning framework, which will be amended in the coming year.

As noted in our CEO’s review we have been working closely with the Australian Institute of Criminology on plans for the proposed merger of our two organisations. Further changes that may also affect our agency purpose and functions are also being considered through the recommendations of the National Commission of Audit. We will incorporate any resulting changes in future planning.

ACC strategic planning process



Annual report award

We take our performance measurement and reporting seriously and seek to continually improve. We were pleased that the ACC's Annual Report 2013–14 received a Gold Award—our first Gold—in the 2015 Australasian Reporting Awards. These criterion-based awards were introduced 65 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

The ACC performance framework is designed to assess our ability to deliver against our outcome.

The integrated performance framework directly links our agency purpose and performance indicators, which directly align with the ACC's *Strategic Plan 2013–18* vision and approach, as well as our *Portfolio Budget Statement 2015–16* outcome and performance information.

The 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.

The ACC achieves results by working with a wide range of stakeholders and contributing to a **shared national outcome**. Our contribution may be direct and easily measurable against the outcome achieved, or it may be less direct. As a result we are not always able to collect and measure the impact in a tangible way. This is particularly the case for our 'Discover' and 'Understand' performance indicators, where we share intelligence and insight with many stakeholders and cannot always fully capture or measure the ultimate impact. However, our contributions can be documented, and provide a measurable basis for performance assessment.

We will also continue to improve and enhance our systems and capability to assess and track progress against these indicators. We expect that, with the changes in our environment, we will need to review and revise our performance framework to account for new ACC functions and capabilities. As far as possible, we will retain consistency with the current framework to ensure it can effectively capture and analyse performance trends over time.

ACC performance framework

OUTCOME

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

APPROACH

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.

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.

INDICATORS

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

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

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

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

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

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.

QUANTIFIABLE MEASURES AGAINST INDICATORS

Due to the shared contributions to the overall outcome, it is not appropriate or possible to have specified targets or purely quantitative key performance indicators. However, many of the measures used to assess performance against these indicators are quantified, including:

- the level and types of ACC activities to discover and understand serious and organised crime
- the level, types and results of the responses the ACC is involved in, and the responses we can track that we enabled by developing the national picture
- the annual stakeholder survey that will indicate the percentage of stakeholders who agree or strongly agree the ACC achieved each key performance indicator.

We have begun to test the viability of measures we have been developing for each indicator, and refined our format of reporting this year to reflect how our activities have contributed to performance against each key performance indicator and to provide analysis of our performance trends. For details, see our *Year's performance scorecard* in Chapter 1 on pages 22–35.

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.

Stakeholder research

Survey

Our annual stakeholder research was conducted by an external market research company this year. The quantitative online survey captured feedback from 77 respondents from 30 agencies.

We used this survey to ask about stakeholder satisfaction with the range of services and products we provide, to help inform future planning.

The survey also included questions reflecting our Portfolio Budget Statement key performance indicators, which form part of our performance measurement framework (see page 149). This enabled comparison with last year's baseline results, to begin identifying trends in performance.

Key performance indicator results

Overall results against our key performance indications were strong, although slightly down on the previous year, with over 75 per cent agreement across all seven indicators. For further analysis of these results, see the performance scorecard and analysis from page 22.

Other key findings

Other research findings included:

- 55 per cent of respondents believed the ACC was very important or important in influencing their operational outcomes, and a further 31 per cent believed we were somewhat important in influencing operational outcomes
- 78 per cent of respondents either agreed or strongly agreed that our intelligence improved their knowledge and understanding of serious and organised crime issues
- 75 per cent of respondents agreed the ACC contributed valuable specialist expertise to joint agency investigations and operations.

Stakeholder survey key performance indicator results 2013–14 and 2014–15

Key performance indicator	2013–14 Agree or strongly agree	2014–15 Agree or strongly agree	Percentage shift
DISCOVER: KPI 1 The ACC produces useful intelligence that identifies and provides insights on new and emerging serious and organised crime threats.	93%	88%	-5%
DISCOVER: KPI 2 The ACC fills intelligence gaps through the identification of vulnerabilities and indicators of serious and organised crime.	89%	78%	-11%
UNDERSTAND: KPI 3 The ACC collects and maintains national holdings of serious and organised crime threats and targets.	96%	91%	-5%
UNDERSTAND: KPI 4 The ACC interprets and analyses national holdings to create a national serious and organised crime intelligence picture.	91%	88%	-3%
RESPOND: KPI 5 The ACC informs and influences the hardening of the serious and organised crime environment.	83%	78%	-5%
RESPOND: KPI 6 The ACC influences or enables the disruption, disabling or dismantling of serious and organised crime entities.	83%	83%	No change
RESPOND: KPI 7 The ACC participates in or coordinates collaboration in joint operations and investigations to prevent and disrupt serious and organised crime.	91%	85%	-6%

Note: includes valid responses only (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 consulted 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 2014–15 included assumed identities, covert infrastructure and other operational related activities, office administration including management of cash, rehabilitation, conflict of interest and activities related to disseminations.

Audit Committee operations

In accordance with responsibilities under section 45 of the *Public Governance, Performance and Accountability Act 2013*, the CEO has established and maintains an independent Audit Committee. 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 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 2015, the Audit Committee comprised three independent external members and two members of the ACC Executive. The Audit Committee met five times during the year and reviewed areas such as agency financial performance, internal and external audit reports, progress against audit recommendations, agency performance frameworks and reporting, agency compliance with legislation, risk oversight and management and Australian National Audit Office activity.

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.

Risk management

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

During 2014–15 we:

- responded to the new risk management requirements under the Public Management Reform Agenda, including a staff education and awareness campaign for the new Commonwealth Risk Management Policy
- maintained our Strategic Risk Profile in order to clearly illustrate the context of our strategic risk environment and our key risks
- maintained our rolling Strategic Risk Assurance Map to provide visibility over the key controls for these key risks
- strengthened our management of work health safety risks
- developed a risk assessment, and an accountability and control framework for Project Ridgeline (see page 99), in accordance with the requirements of the Cabinet Implementation Unit
- conducted a risk management exercise and developed a risk management plan for the multi-agency implementation of the Australian Cybercrime Online Reporting Network (ACORN) (see page 123).

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 2014–15, our integrity and security teams focused on:

- conducting a staff fraud survey
- undertaking an executive-level review of fraud and corruption risks and controls
- consulting across ACC business areas regarding fraud and corruption risks
- improving mechanisms for reporting fraud and misconduct and disclosing information
- revising and updating integrity and security online training modules
- establishing a Management Review Board process to assess staffing matters relating to unacceptable conduct and personnel security risk
- developing a program of ongoing staff suitability assessment, to be implemented within the next financial year
- using risk management to guide protective security
- building a positive security culture
- enhancing the capabilities of our integrity and security teams.

To engender and maintain the right ethical culture within the ACC, our multi-faceted approach in 2014–15 included:

- *Detection program*—We continued to implement our fraud and corruption detection program, with audits throughout the year targeting high risk activities identified in the fraud and corruption risk assessment process and fraud survey.
- *Integrity testing*—We developed integrity testing policy and procedures.
- *Public interest disclosures*—We reviewed and updated public interest disclosure policy and procedures and authorised officer appointments.

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**—Our 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 and 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.

Security incident reporting

Our internal security incident reporting mechanism enables all ACC staff to report security incidents. Seventy-nine security incidents were reported in 2014–15 including:

- Sixty-three incidents within the Protective Security Policy Framework (PSPF) definition of a security breach, which is an accidental or unintentional failure to observe the protective security mandatory requirements. The majority of these incidents relate to ACC staff unintentionally failing to observe security policy within secure ACC premises. These breaches are assessed as low risk and internal in nature, and were identified during 'clear desk' audits of ACC premises.
- Two incidents within the PSPF definition of a security violation, which is a deliberate, negligent or reckless action that leads, or could lead, to the loss, damage, corruption or disclosure of official resources. One of these security violations was referred to the Australian Commission for Law Enforcement Integrity for investigation, while the other was internally investigated and resolved.
- As a positive indicator of staff vigilance and security awareness, 14 incidents of 'suspicious activity' were reported by ACC staff. These were not classified as violations or breaches of security and the staff who reported them were provided follow up advice and information as appropriate.

Integrity assurance

Our Integrity Assurance Team is dedicated to the prevention, detection and investigation of misconduct, fraud and corruption in the ACC. We received one internal disclosure under the Public Interest Disclosure Scheme. The investigation was completed under the *Public Interest Disclosure Act 2013*.

Misconduct

The ACC had two carry-over misconduct cases from the previous reporting year from external sources. During the year the Integrity Assurance Team investigated six referrals alleging ACC staff had breached the Australian Public Service Code of Conduct.

As at 30 June 2015:

- one of the referrals remained under assessment or investigation
- three of the referrals were deemed not to require a formal investigation, following an assessment or preliminarily investigation
- one of the referrals was found to be substantiated
- three of the referrals were found to be unsubstantiated after investigation.

Fraud and corruption

The ACC's *Fraud and Corruption Control Plan 2015–17* complies with the Commonwealth Fraud Control Framework 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 one fraud and one corruption allegation, which were both referred to the Australian Commission for Law Enforcement Integrity (ACLEI) relating to a former or current ACC staff member. There were no carry-over cases from the previous reporting year remaining open as an ACLEI investigation.

Misconduct, fraud and corruption allegations received in 2014–15

	Received	Referred to ACLEI under the <i>Law Enforcement Integrity Commissioner Act 2006</i>	Open	Finalised	
				Unsubstantiated	Substantiated
Externally referred	3	2	0	1	0
Internally referred	5	1	0	4	0
TOTAL	8	3	0	5	0

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. We provide specialist services including surveillance as agreed though our Memorandum of Understanding with ACLEI.

In 2014–15 we continued to work with ACLEI and the Australian Customs and Border Protection Service (ACBPS) to support Taskforce Pharos, which identifies hard-to-detect corruption within the ACBPS. See page 74 for more information.

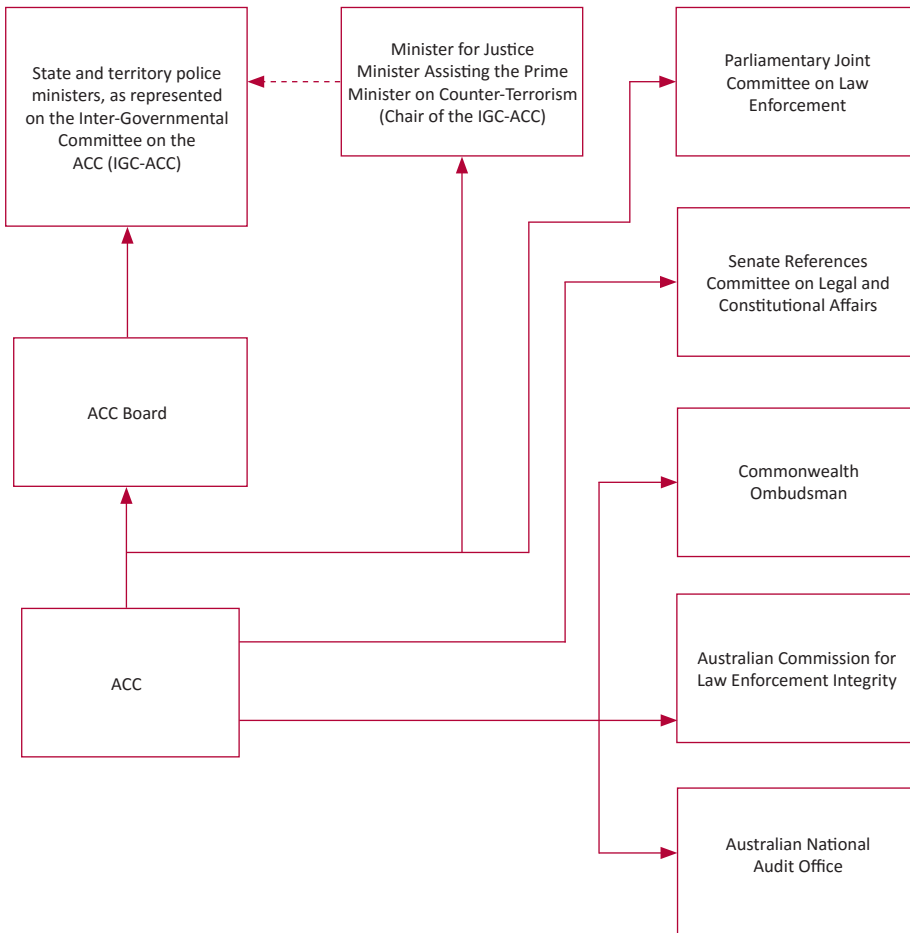
External scrutiny

The ACC is part of the Attorney-General's portfolio and is accountable to the Minister for Justice, Minister Assisting the Prime Minister on Counter-Terrorism.

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, who is also the Minister Assisting the Prime Minister on Counter-Terrorism.

The Hon Michael Keenan MP was appointed as Minister for Justice and sworn in on 18 September 2013. On 28 May 2015 the Minister was also appointed Australia's first Minister assisting the Prime Minister on Counter-Terrorism.

During the year, we maintained a strong working relationship with the minister.



*The Hon Michael Keenan MP
Minister for Justice, Minister
Assisting the Prime Minister
for Counter-Terrorism*

Parliamentary Committees

We made submissions to, or appeared before, numerous parliamentary committees in 2014–15 including the:

- Senate References Committee on Legal and Constitutional Affairs, Comprehensive Revision of the *Telecommunications (Interception and Access) Act 1979*
- Parliamentary Joint Committee on Intelligence and Security, Inquiry into the Telecommunications (Interception and Access) Amendment (Data Retention) 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, Inquiry into financial related crime
- Parliamentary Joint Committee on Intelligence and Security, Inquiry into the Counter-Terrorism Legislation Amendment (Foreign Fighters) Bill 2014
- Parliamentary Joint Enquiry on Law Enforcement, Inquiry into the ability of Australian law enforcement authorities to eliminate gun-related violence in the community
- Standing Committee on Infrastructure and Communications, Inquiry into the use of subsection 313(3) of the *Telecommunications Act 1979*
- Senate Standing Committee on Legal and Constitutional Affairs Legislation, Inquiry into the Crimes Legislation Amendment (Powers, Offences and Other Measures) Bill 2015
- Parliamentary Joint Committee on Law Enforcement, Inquiry into crystal methamphetamine (ice)
- Northern Territory Legislative Assembly Select Committee inquiry into 'ice'
- Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity, Integrity of Australia's border arrangements.

We also appeared before the Senate References Committee on Legal and Constitutional Affairs at Supplementary Senate Estimates in November 2014, Additional Senate Estimates in February 2015, and Budget Senate Estimates in May 2015. 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 10 members. 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 2015, the members of the Parliamentary Joint Committee on Law Enforcement were:

- Mr Craig Kelly MP (Chair)
- Senator the Hon Lisa Singh (Deputy Chair)
- Senator Sean Edwards
- Mr Chris Hayes MP
- Senator Chris Ketter
- Senator David Leyonhjelm
- Mr Russell Matheson MP
- Senator Barry O’Sullivan
- 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. This year the Committee met on 3 October 2014 in Geelong and on 22 May 2015 in Canberra.

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 2015, the members of the Inter-Governmental Committee on the ACC were:

- the Hon Michael Keenan MP (Minister for Justice) (Chair)
- the Hon Troy Grant MP (New South Wales)
- the Hon Wade Noonan 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 Peter Chandler MLA (Northern Territory)
- the Hon Jo-Ann Miller 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.

As at 30 June 2015, the Board comprised:

- 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
- Director-General of Security of the Australian Security Intelligence Organisation
- Commissioner of Taxation of the Australian Taxation Office
- Commissioners of all state and territory police forces
- Chief Police Officer of ACT Policing
- CEO of the Australian Transaction Report and Analysis Centre (AUSTRAC) (as a non-voting observer)
- 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.



*Andrew Colvin APM OAM
Chair of the ACC Board*

Board decisions and considerations

The following table lists Board authorisations as at 30 June 2015.

ACC Board authorisations 2014–15

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
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 2015)	31 December 2015
National Task Force Morpheus	Task Force	Establishment (September 2014)	31 December 2015

In addition, in 2014–15 the Board:

- reviewed progress of key ACC activities
- authorised the establishment of the National Task Force Morpheus to provide an effective platform for coordinated collaborative national action against outlaw motor cycle gang criminal activity
- authorised the extension of the Eligo National Task Force to continue delivering strategies to mitigate the high risk of money laundering inherent in the alternative money remittance sector and informal value transfer system

- considered the final report of the National Indigenous Intelligence Task Force
- received reports from the Chairs of the Serious and Organised Crime Coordination Committee and the Australian Criminal Intelligence Forum
- considered strategic issues including:
 - an implementation update on our *Strategic Plan 2013–18* (incorporating the development of ACC Capability Strategies)
 - findings of the ACC Stakeholder Survey 2013–14
 - proposed legislative amendments to the *Telecommunications (Interception and Access) Act 1979*, with a specific focus on data retention
- considered the ACC's 2015 *National Criminal Target Report* and the 2015 *Organised Crime in Australia*, noting the strategic value of these products to the Australian law enforcement community
- considered the ACC Mid-Year Performance Review and commended us on the quality of the report and results achieved
- reviewed the ACC's strategic priorities and, based on an assessment by the ACC, agreed that the current suite of Board-approved determinations was appropriate and therefore requested no changes for the 2015–16 financial year, with the exception of a consequential amendment to the National Security Impacts from Serious and Organised Crime No.2 special operation to include provisions under the *Counter-Terrorism Legislation Amendment (Foreign Fighters) Act 2014*, which came into force on 1 December 2014
- received a report from the Audit Committee Chair, who provided independent assurance on the ACC's risk, control and compliance framework, including our external accountability responsibilities, and challenges and risks including our declining budget
- received a verbal update from the Commonwealth Attorney-General's Department on the joint review into the Martin Place siege
- received an update on potential Machinery of Government changes relating to our proposed merger with the Australian Institute of Criminology
- considered issues with systems interoperability and received updates on enhanced collaboration between CrimTrac and the ACC
- noted work done on the threats posed by encrypted communications.

During the reporting year, the Board farewelled:

- Commissioner Tony Negus APM, Australian Federal Police (Chair)
- Mr Roger Wilkins AO, Secretary, Attorney-General's Department
- Mr David Irvine AO, Director-General, Australian Security Intelligence Organisation

- Chief Commissioner Ken Lay APM, Victoria Police
- Commissioner John McRoberts APM, Northern Territory Police.

This year the Board also welcomed:

- Commissioner Andrew Colvin APM OAM, Australian Federal Police (Chair)
- Mr Chris Moraitis AO, Secretary, Attorney-General's Department
- Mr Duncan Lewis AO, Director-General, Australian Security Intelligence Organisation
- Commissioner Reece Kershaw, Northern Territory Police.

During the year Acting Chief Commissioner Tim Cartwright APM, Victoria Police, was a member of the ACC Board, with Chief Commissioner Graham Ashton AM, Victoria Police, commencing his appointment on 1 July 2015.

Australian Commission for Law Enforcement Integrity

The ACC's primary oversight 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 and cases are discussed to assess whether there should be a notification.

During 2014–15 the ACC notified ACLEI of one corruption and one fraud allegation. As at 30 June, both these cases were being investigated.

Commonwealth Ombudsman

The Commonwealth Ombudsman inspects the ACC's controlled operations, surveillance devices and telecommunications interception records. The Ombudsman carried out six inspections of ACC records during 2014–15. There were no recommendations made as a result of these inspections.

The ACC continues to cultivate a productive relationship with the Ombudsman as part of our Excellence in Compliance Strategy, which includes addressing any issues identified during the inspection process. In addition, the Ombudsman's advice on best practice guides our development of procedures and training programs.

Australian National Audit Office

The Australian National Audit Office did not conduct any performance audits related to ACC activities this year.

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 254.

Judicial decisions

The ACC is subject to legal challenge as a normal part of our operations. This may occur in the context of applications in the Federal Court for judicial review under the *Administrative Decisions (Judicial Review) Act 1977* 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 2014–15 we were 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 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 (X7) by an ACC Examiner after X7 had been charged with serious criminal offences. X7 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.

On 23 August 2012 the parties agreed to state a case for the consideration of the Full Court of the High Court, which included two questions of law. 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.

Just after the reporting period, on 28 July 2015, the *Law Enforcement Legislation Amendment (Powers) Act 2015* commenced. This legislation clarifies the ACC's coercive powers by specifically authorising post-charge coercive examinations (see *Legislative Change* on page 169).

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.

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.

On 28 July 2014 the defendants, relying in part on the High Court decision in *Lee v The Queen*, opened pre-trial applications in the Supreme Court to exclude witnesses and the current prosecution team on the basis that they were tainted by direct or indirect access to the defendants' examination evidence. Hearing of the applications was completed in August 2014. On 19 December 2014 the Court ruled in favour of the defendants.

The Commonwealth Director of Public Prosecutions appealed the ruling and the defendants lodged a cross-appeal. On 29 April 2015 the New South Wales Court of Criminal Appeal dismissed both the Crown appeal and Defence appeal, and remitted the matter for trial on a date to be fixed.

On 28 May 2015 Seller and McCarthy filed an application for special leave to appeal in the High Court. After the reporting period, the High Court refused special leave on 7 August 2015.

The matters went to trial on 24 August 2015 and on 22 September the jury returned a verdict of not guilty on all counts.

Bartlett, Sayers, Grace and Dunn

The prosecution of Bartlett, Sayers, Grace and Dunn arose from the Wickenby investigation. Like the Seller and McCarthy proceedings, it 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 charges against Bartlett and Sayers were subsequently discontinued in August 2014.

Dunn appealed his conviction and on 19 June 2015 the Western Australia Court of Appeal dismissed the appeal. Dunn has subsequently sought leave to appeal to the High Court.

XCIV v ACC & Sage

XCIV was summoned to attend an ACC examination but sought an injunction to prevent the examination on a range of administrative and constitutional law grounds. The matter was heard before Wigney J in the Federal Court (Sydney).

On 26 June 2015 the Court ruled in favour of the ACC (*XCIV v ACC* [2015] FCA 586), dismissing the application for injunctive relief.

Contempt of the ACC

ACC 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.

Two contempt proceedings were finalised in 2014–15. One of these matters involved charges for contempt under section 34A(a)(ii) of the ACC Act for failing to answer questions during an ACC examination. The person was sentenced to an indefinite period of detention subject to the purging of their contempt. When the contempt had been purged the court ordered the person's release. The other proceeding involved charges for contempt under section 34A(c) for an examinee giving evidence that they knew was false or misleading in a material particular. In this case, the defendant was convicted and sentenced to imprisonment, suspended upon them entering into a 15-month good behaviour bond.

Legislative change

Changes and clarifications to the ACC Act

On 19 March 2015, the Minister for Justice introduced into Parliament the Crimes Legislation Amendment (Powers, Offences and Other Measures) Bill 2015.

The Bill contains technical amendments to the ACC Act that:

- clarify who is eligible to apply for a search warrant under the Act
- expedite the return of items produced in an examination
- update references to secrecy provisions that preclude an agency from disclosing information to the ACC.

As at 30 June 2015, this Bill was before Parliament.

On 26 March 2015, the Minister for Justice introduced into Parliament the Law Enforcement Legislation Amendment (Powers) Bill 2015. The Bill passed both the House of Representative and the Senate during the reporting year, and the Act commenced operation on 28 July 2015, just after the reporting period.

The new laws significantly amend the ACC Act to clarify:

- when coercive examination powers may be used
- the circumstances in which examination material and information derived from examination material may be disclosed, shared or used, including by prosecuting agencies.

In particular, the new laws:

- specifically authorise the ACC to conduct post-charge examinations (that is to examine someone after they have been charged with a related criminal offence) and to ask questions about the subject matter of the charge
- specifically authorise the ACC to conduct examinations after confiscation proceedings have commenced against an examinee
- specifically authorise the derivative use of examination material to find evidence that may be used in criminal proceedings against the examinee
- clarifying and strengthen the safeguards to protect the examinee's fair trial, including limiting when examination material and some types of derivative material may be provided to the prosecutor of the examinee.

Other changes

The *Crimes Legislation Amendment (Unexplained Wealth and Other Measures) Act 2015* came into force on 26 February 2015. This Act implements a number of the recommendations of the Parliamentary Joint Committee on Law Enforcement to make the Commonwealth's unexplained wealth laws more effective, including by preventing restrained assets being used to meet legal expenses and removing a court's discretion to make unexplained wealth orders once relevant criteria are satisfied.

The *Crimes Legislation (Psychoactive Substances and Other Measures) Act 2015*, which introduced new offences of firearms trafficking and made a range of other technical amendments to criminal legislation, largely came into force on 6 March 2015. The amendments to ban the importation of new psychoactive substances came into force outside the reporting period on 5 September 2015.

The *Telecommunications (Interception and Access) Amendment (Data Retention) Act 2015* commenced on 13 October 2015. The Act requires telecommunications providers to retain limited telecommunications data for two years. The ACC is involved in discussions about the implementation of the new obligations, including providing support and guidance to the telecommunications industry.

Our people

We have a staff of 581 (Australian Public Service employees and statutory office holders) supplemented by 36 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 from our partner agencies, some of whom are seconded to the ACC to work in multi-agency taskforces and Joint Analyst Groups. We also engage contractors and consultants to provide specialised services.

Staffing profile as at 30 June 2015

Staffing categories	No. of staff as at 30 June 2015	No. of full-time equivalent (FTE) staff as at 30 June 2015	Average staff level during 2014–15
APS employees Statutory office holders	581	550.8	529.8
Secondees funded by the ACC	23	N/A	N/A
Secondees funded by jurisdictions	13	N/A	N/A
Total core staff	617		
Task force members	35	N/A	N/A
Total overall staff	652		

Notes:

1. This table reflects the number of secondees as at 30 June 2015. However, as secondees work with us for different periods of time throughout the year, the overall total of secondees for 2014–15 was 59.
2. 'Contractors and consultants' are no longer reported in this table. Further information on contractors and consultants is provided in Chapter 7.

Secondees and task forces

- **Secondees**—We supplement our staffing with secondees from other agencies. As at 30 June 2015 we had a total of 36 secondees, both ACC funded and funded by other agencies. Throughout the reporting year we hosted a total of 59 secondees from 16 other Commonwealth and law enforcement agencies on short-term and long-term assignment.
- **Task forces**—We coordinate and participate in joint task forces and Joint Analyst Groups with partner agencies. On 30 June 2015, we had 23 people from other agencies working at the ACC as task force members and 12 people from other agencies working as members of Joint Analyst Groups. Throughout the reporting year we hosted 99 task force members on short-term and long-term assignment.

A breakdown of secondees and task force staff by home agency and jurisdiction is in Appendix F on page 260.

Staffing profile trends 2008–09 to 2014–15

Headcount as at 30 June	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15
APS and statutory office holders	518	546	628	598	584	562	581
Secondees funded by the ACC	24	29	45	23	21	23*	23
Secondees funded by other jurisdictions	24	20	19	15	20	20*	13
Total core staff	566	595	692	636	625	605	617
Task force and JAG members **	26	37	18	13	21	46	35
Total overall available resources	592	632	710	649	646	651	652
Full-time equivalent (APS only)	499.73	526.8	606.61	565.21	553.94	532.98	550.8
Average staffing level (APS only)	N/A	N/A	N/A	556.29	553.35	531.57	529.8

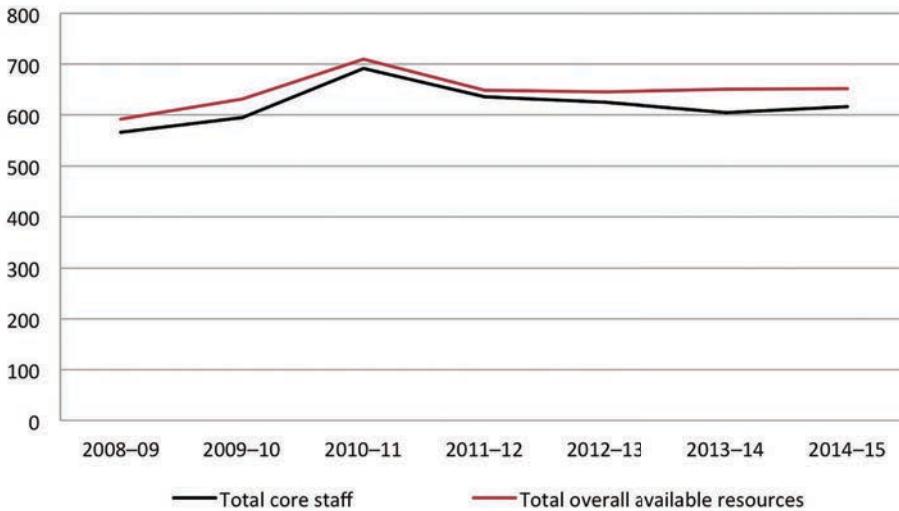
Notes:

* Last year we incorrectly reported 24 secondees funded by the ACC and 19 secondees funded by other jurisdictions. These numbers should have been 23 and 20 respectively.

** Joint Analyst Groups commenced in 2013.

Contractors are no longer reported in this table and previous year 'total overall resources' figures have been adjusted to reflect this. Further information on contractors and consultants is provided in Chapter 7.

Staffing profile trends as at 30 June 2008–09 to 2014–15



Location

During the year, we worked out of eight locations around the country. Our Alice Springs office closed when the National Indigenous Intelligence Task Force (NIITF) concluded its work on 30 June 2014.

APS employees and statutory office holders by location as at 30 June

Location	2012–13	2013–14	2014–15
Sydney	132	130	134
Canberra	186	182	201
Melbourne	119	111	110
Brisbane	81	76	79
Adelaide	38	37	31
Perth	25	24	25
Alice Springs*	2	1	N/A
Darwin	1	1	1
Hobart**	0	0	0

* Our Alice Springs office closed on 30 June 2014.

** A secondee (not an APS employee) staffed our Hobart office.

A breakdown of classifications in our different locations is in Appendix F on page 260.

Full-time/part-time

Most staff worked full-time, with around 12.5 per cent working part-time/casual hours.

APS employees by full-time/part-time as at 30 June

Employment capacity	2012–13	2013–14	2014–15
Full-time	509	486	508
Part-time	75	75	70
Casual	0	1	3

A breakdown of employment capacity by location is in Appendix F on page 260.

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	2014–15
APS 2	3	3	2
APS 3	40	35	32
APS 4	77	81	84
APS 5	82	81	80
APS 6	89	87	88
EL 1	187	190	205
EL 2	86	69	74
SES 1	9	6	8
SES 2	2	3	2
CEO	1	1	1
Examiners	8	6	5

A breakdown of classifications in our different locations is in Appendix F on page 260.

Gender

This year, women comprised 48.7 per cent of our organisation. There are 94 more women than men at classification levels APS 2–6, but 109 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.

Overall representation of women at the EL and SES levels decreased slightly this year (by 0.5 per cent). However, with two of our women SES staff leaving this year to take up opportunities in other agencies, our percentage of women SES fell from 33 per cent to 10 per cent on 30 June 2015. This is well below the 40.1 per cent of women SES across the broader APS as at 30 June 2014, as reported in the *State of the Service Report 2013–14*.

APS employees by gender as at 30 June

Gender	2012–13	2013–14	2014–15
Men	302	287	298
Women	282	275	283

A breakdown of gender distribution by classification is in Appendix F on page 260.

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 17 per cent of staff have identified that Australia is not their country of birth and 6.2 per cent do not have English as a first language.

Workplace diversity

Workplace diversity in the ACC means respecting and valuing the skills and experiences that each staff member brings to the workplace, as well as being responsive to the additional challenges faced by some groups.

This year we published the *Workplace Diversity Strategy 2015–17*. Over the three years of the strategy, we will concentrate on issues faced by our identified priority areas of Indigenous Australians, people with a disability, women, people from culturally and linguistically diverse backgrounds, mature age workers and the inter-generational workforce. This strategy is published on our website.

Actions completed under this strategy include our Reconciliation Action Plan, Multicultural Plan, Workplace Diversity Program and Disability Action Plan and our Transition to Retirement Toolkit.

Reconciliation Action Plan

Our updated *Reconciliation Action Plan 2015–17* outlines our continued commitment to reconciliation, and follows on from our 2011–12 plan. It identifies practical actions and set goals to drive greater equality and understanding. In implementing the plan, we will make a meaningful contribution to reconciliation in Australia. Through this plan we have:

- increased Indigenous cultural understanding and respect to ensure Indigenous employees receive support when they commence at the ACC
- identified our National Manager Integrity, People and Change as a champion for the inclusion of Indigenous peoples
- held a workshop facilitated by Reconciliation Australia and our Executive Champion, to share ideas and began drafting our Reconciliation Action Plan, which we launched during National Reconciliation Week (27 May – 3 June)

SPOTLIGHT ON...

Jawun secondment to West Kimberly

The ACC participated in the Australian Public Service Jawun Secondment Program for the first time in 2015, through our Reconciliation Action Plan.



Jawun is a not-for-profit organisation that places skilled people from the public and corporate sector into Indigenous partner organisations in communities across Australia. Placements match secondee skills with project work required by Indigenous organisations and their communities. Secondees share their expertise to support Indigenous leaders to achieve their own development goals. The aim is to build the capacity of Indigenous peoples.

Our secondee spent six weeks at Beagle Bay in the West Kimberly region. After a 'crash course' in local history, culture and Indigenous corporations, our secondee worked with the Beagle Bay Future Indigenous Corporation to develop governance including the set up and running of meetings, worked with and supported the corporation's directors, helped obtain an administrative support officer for the corporation, assisted with an achievable strategic plan and helped navigate the bureaucracy.

Sharing insights with staff afterwards, our secondee said the experience provided a unique insight into Indigenous culture and relationship with the land, the opportunity for self-challenge and adapting skills to a new environment, the opportunity to contribute to building Indigenous capacity, and a chance to experience the wonder of the Kimberly.

- developed a statement for all ACC recruitment advertising welcoming Aboriginal and Torres Strait Islander Australians to apply for positions, and included information on the Indigenous Australian Government Development Programme
- increased employment pathways for Aboriginal and Torres Strait Islander peoples into the ACC by participating in Indigenous Australian Government Development Programme
- increased staff knowledge and awareness of Indigenous communities by participating in the Jawun Secondment Program.

Our rate of Indigenous employment at the ACC is 1.55 per cent.

Multicultural Plan

We updated the Agency Multicultural Plan this year. The plan identifies the steps we will take to deliver on the Australian Government's Multicultural Access and Equity Policy in the areas of leadership, engagement, performance, capability, responsiveness and openness. This includes:

- ensuring that cultural sensitivities are taken into account during information and intelligence collection
- where relevant, ensuring culturally and linguistically diverse stakeholders are considered in external communication efforts, to improve public awareness of the organised crime threat and risk, so people can better protect themselves from exploitation
- creating a culturally diverse workforce that represents the diversity of the community we serve, so we can deliver effective intelligence and investigative outcomes.

This plan is published on our website.

Disability

A total of 0.86 per cent of ACC staff have identified as having a disability. Our Workplace Diversity Program and Disability Action Plan includes strategies to improve this figure, such as awareness-raising and more accurate reporting through self-identification. This is part of our attention to improving workforce participation of people with disability.

This year we:

- formed a partnership with the National Disability Recruitment Coordinator (NDRC)
- developed a disability recruitment action plan in consultation with the NDRC
- conducted a recruitment review on disability employment
- approached Disability Employment services providers about potential engagement of staff under Australian Public Service Commissioner's Directions 2.17
- held a disability awareness training pilot with the potential to extend to include train-the-trainers.

Transition to Retirement Toolkit

We want to maximise the contribution of our more experienced employees. Research suggests that employers should encourage ongoing discussions about succession planning and transition to retirement options with employees from the age of 45. We developed our Transition to Retirement Toolkit to support our employees' thinking and ensure they have appropriate planning in place to make the most of their retirement. This thinking also allows the ACC to make future plans.

Remuneration and benefits

Workplace agreement

During 2014–15, our *ACC Enterprise Agreement 2011–2014* covered 565 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, and negotiations for a replacement agreement are ongoing.

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 178).

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 178). 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 2015
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

* The salary bands are unchanged from last year as negotiations are ongoing for a replacement agreement.

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 227).

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 2015, the CEO base salary was \$340 480 with a total remuneration package of \$486 400.

ACC Examiner base salaries were \$304 640 with total remuneration packages of \$435 200. Part-time Examiners receive a daily rate of \$1383.

Staff retention and turnover

In 2014–15 a total of 69 staff left the ACC. Reasons included moving to another APS agency, retirement, redundancies and completing non-ongoing contracts. As at 30 June 2015, our retention rate was 87.9 per cent. A breakdown of staff turnover by reason is on page 263 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 2014–15, our Performance Development System completion rate was 99 per cent.

Our Performance Development System enables incremental salary advancement. Staff are rated on a five-point scale (high performing to 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 some managers, particularly those new to the role, can lack the time and skills necessary to manage performance as effectively as possible, we enhanced our performance management framework. 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, strategies to contain and address issues that may emerge within teams as a result of individual performance management and experienced case managers to assist if required. 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 Strategic Policy Team, in recognition of the team’s work delivering significant initiatives, resources and capability for the ACC over the past 12 months.
- *The Geoffrey Bowen Memorial Award for exemplary performance by an individual*—this year presented to Anthony Chapman for his longstanding contribution to the ACC Board and Senior Executive.
- *The Sharon Price Memorial Innovation Award for innovative contributions by an individual or team*—this year presented to the Attero National Task Force (Intelligence Function), in recognition of excellent team work, dedication and commitment to the Attero National Task Force, by an ACC-led Intelligence Team.

Individuals and teams also received CEO certificates recognising noteworthy contributions, special achievements or meritorious service.

Workforce planning

The ACC Strategic Workforce Plan for 2013–2018 was endorsed by senior management in late 2014.

Our environmental context and *Strategic Plan 2013–18* informed the development of the ACC Strategic Workforce Plan. It outlines our current workforce picture as well as different change scenarios we may face over the next few years. The Strategic Workforce Plan articulates our expected workforce capability, capacity and culture requirements over the next few years. It includes workforce action plans for business units that aim to achieve the desired future workforce composition and culture.

The value of this Strategic Workforce Plan is that it:

- prioritises strategies
- identifies actions
- assigns responsibility and accountability
- commits to a timeline
- identifies metrics for monitoring and evaluation.

During 2014–15, as part of implementing our Strategic Workforce Plan we targeted seven human capital elements:

1. workforce planning
2. workforce capacity
3. workforce capability
4. workforce culture
5. workplace leadership
6. workplace conditions
7. workplace design.

We have a good understanding of our workforce and we are now implementing our plan, and monitoring and measuring progress. Strategies that have commenced include:

- engaging with the business planning processes about integrating strategic workforce planning
- developing and implementing an ACC Culture Plan
- piloting workforce planning with critical job roles
- developing a Mature Age Strategy including launching our Transition to Retirement Toolkit
- continuing to build leadership capability through development programs and our mentoring and external coaching
- supporting mobility strategies and international deployments
- developing our Managing Underperformance Framework.

Learning and development

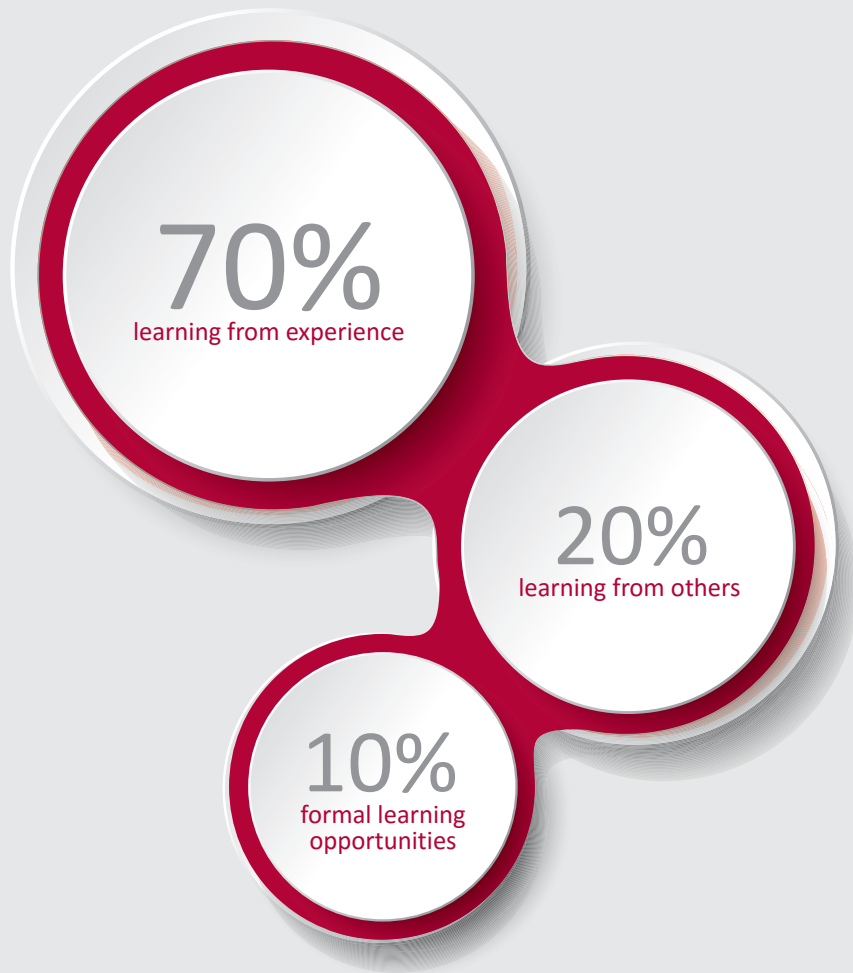
Strategies

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).

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
- seeking 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

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 programs, change management training, systems 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, national security policy, money laundering methodologies, strategic intelligence, criminology, and telecommunications technology.
- **Leadership management**—We invest in developing our managers and leaders through our ACC 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.

Outcomes

This year ACC staff attended more than 2750 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:

- **Mentoring Program**—this year our Mentoring Program involved 15 mentors and 19 mentees. Through this program we are providing opportunities for personal and professional growth, enhanced understanding of the ACC's strategic direction and developing a peer support culture.

- ***Leading Effective Teams Program***—this program aims to develop the leadership skills of ACC team leaders and shape the ACC leadership culture. Some participants of this program underwent an assessment process and graduated with a nationally recognised Diploma in Government (Management). The program ensures our leaders:
 - recognise their management responsibilities for team building, planning, resourcing, performance, risk and people management
 - develop skills and practices appropriate for managing in the ACC multidisciplinary environment
 - develop a high level of self-awareness and the ability to manage others and have effective conversations through a coaching approach.
- ***Managing Change Program***—the ability for managers to plan for and manage change within their teams and organisations was identified as a priority management skill in the *APS Leadership and Core Skills Strategy 2013–14*. During this program, participants learn to better manage and support people through change. As a result, participants can:
 - identify and adopt effective change leadership behaviours
 - use basic change management tools within a process to plan and manage at the team level
 - apply effective change leadership behaviours in the workplace.
- ***Compelling Communications Program***—this provides participants with the opportunity to learn how to provide relevant, timely information and explain complex policy decisions in a language that is clear, concise, jargon-free, and easy to understand. As a result of this program, participants are better able to produce fit-for-purpose communications that are tailored to a particular audience and the APS situation/context.
- ***Inaugural Cambridge Scholarship***—this Master of Studies in Applied Criminology and Police Management involves studying crime and harm reduction issues with a strong emphasis on evidence-based policy and practice.
- ***Intelligence Managers Masterclass***—this four-part workshop series focuses on best practice ideas, delivered through expert presentations and journal articles, and by developing professional networks at the local level. ACC staff developed this initiative to bridge the gap between intelligence practitioner training and general management programs, in order to support staff leading critical intelligence functions. Approximately 80 staff from 14 agencies attended in 2014–15.

- *Winston Churchill Memorial Trust Fellowship*—we promote this Fellowship and encourage Executive Level 1 and 2 employees to apply. The Fellowship provides an opportunity for Australians to travel overseas for four to eight weeks to conduct research not readily available in Australia. In 2014, an ACC staff member was awarded a Fellowship following a competitive assessment process which attracted over 1000 applications nation-wide. The research topic was ‘To enhance Australian law enforcement understanding of the American Drug Enforcement Administration’s (DEA) national communications database, their international covert money laundering operations, and how they can be fused within Australian law enforcement’. The research involved a quantitative analysis of DEA investigative methodologies across several offices in North America. This identified significant differences between the DEA’s investigative methodologies and money laundering investigations in Australia. Insights could benefit and enhance investigations by Australian law enforcement agencies.
- *Cultural awareness training*—this includes topics such as Working with Asian and Middle Eastern Names, Political Islam, ISIS and the threat to Australia, and Modern Syria.

Evaluation

We conducted 90 evaluation processes for internal and external training and development programs. Our strategic evaluation of learning and development activities is based on the Kirkpatrick approach (1988). Our evaluation seeks to:

- assess if we have met our intended objectives
- achieve continuous improvement
- assess whether resources are being used wisely
- assess value for money.

Employee engagement

We engage with staff to seek their views and increase their level of engagement if necessary. This year we participated in the Australian Public Service Commission ‘State of the service’ survey process, and included some ACC-specific questions. The results will be known in early 2015–16 when we will devise and implement strategies to respond accordingly.

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 250) details our 2014–15 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:

- **Comply** with all relevant government statutes, policies and environmental planning instruments as well as meet obligations required for Australian Government environmental reporting.
- **Educate** and promote an organisational culture of environmental awareness.
- **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 2014–15 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 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 2014–15 is not available until the end of October 2015. Information is provided for the previous three years.

Energy supply

Our Sydney and Melbourne offices incorporate a 10 per cent component of green and/or renewable energy in energy-related procurement arrangements. The whole-of-government energy contract for our Canberra office includes a green energy component of 10 per cent.

ACC energy overall performance data (target tonnes)

	Whole-of-government target	2011–12	2012–13	2013–14	% change
Electricity (gigajoules)		7381	7541	6962	-7.68%
Computer Centre (gigajoules)		1685	1524	1625	+6.63%
Transport energy (gigajoules)		5978	5476	6368	+16.27%
Total		15 044	14 541	14 954	+2.85%
Total emissions tonnes Carbon dioxide (CO ₂) equivalent	≤3400	3195 Below target	3088 Below target	3176 Below target	+2.85%

Transport

We gradually reduced the ACC motor vehicle fleet from 114 in 2007–08 to 92 in 2014–15. 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 2014–15.

ACC paper use

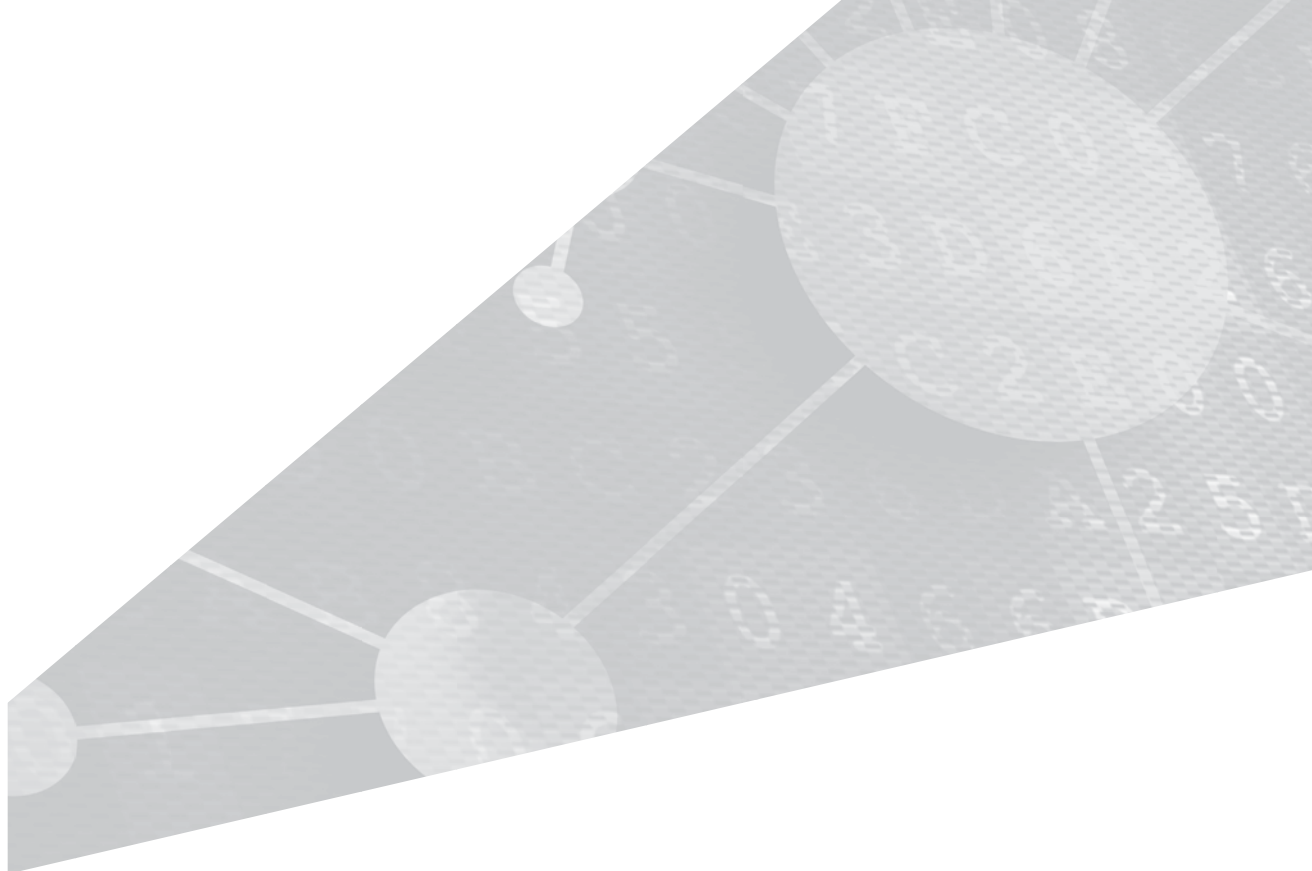
Measure	Target tonnes	2011–12	2012–13	2013–14	2014–15
Paper use	<15	15.18	9.06	10.56	8.34

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 organic waste bins introduced last year in some of our offices.



We manage our finances and assets
responsibly to support our work
against serious and organised crime.



Chapter 7

Financial performance

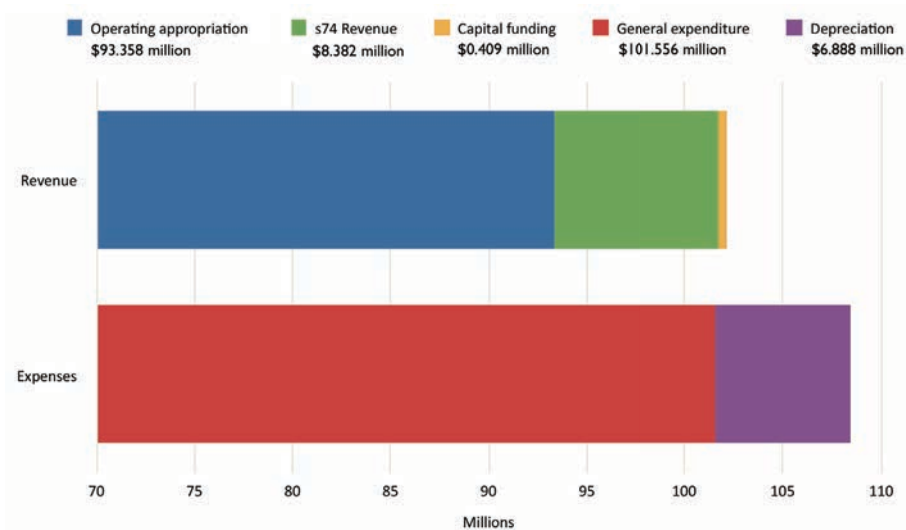
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Overview of our financial performance

The ACC's financial result for 2014–15 was a deficit of \$6.295 million. The accounting standards require non-operating items such as unfunded depreciation expenses and capital funding income from portfolio agencies to be recognised as operating activity. With the exclusion of unfunded depreciation and capital funding, the ACC would have realised a surplus of \$0.184 million for the financial year.

The ACC received an unmodified audit opinion from the Australian National Audit Office.

Revenue and expenditure analysis 2014–15

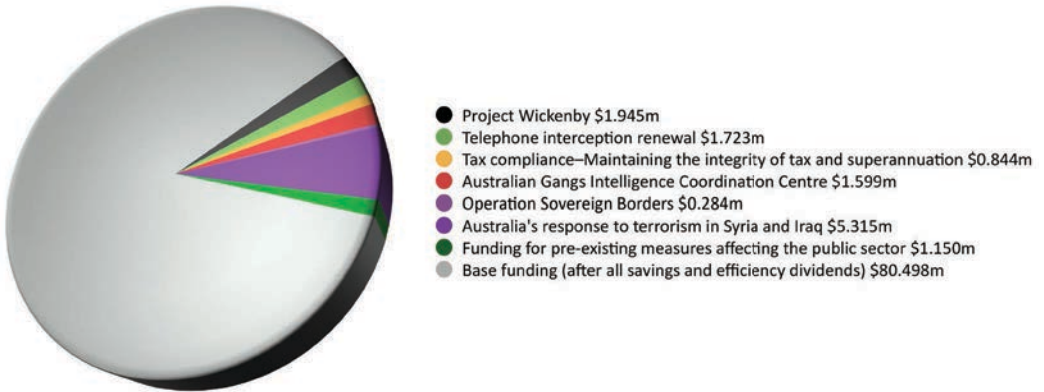


Appropriation for 2014–15

The ACC's total appropriation for 2014–15 was \$98.370 million, which included \$93.358 million operating budget, \$4.812 million Departmental Capital Budget and a net equity injection of \$0.200 million.

A breakdown of operating appropriation for 2014–15 is provided in the following chart.

Operating appropriation 2014–15

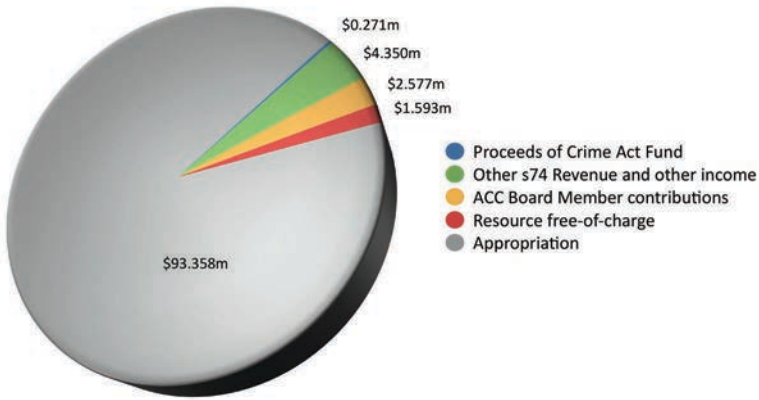


The tied funding included:

- \$1.945 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.
- \$5.315 million to contribute to the whole-of-government effort to counter the threat of foreign fighters and Islamist extremism.
- The remaining \$3.877 million in other tied funding included:
 - \$0.844 million to generate intelligence targeting unexplained wealth for the Australian Taxation Office
 - \$1.599 million funding for the Australian Gangs Intelligence Coordination Centre
 - \$0.284 million to support Operation Sovereign Borders
 - \$1.150 million one-off fund to manage pre-existing measures affecting the public sector.

Revenue for 2014–15 included \$93.358 million appropriation (which includes the tied funding described above) and \$8.791 million in own source revenue. Own source revenue includes \$4.621 million received for the provision of services, \$2.577 million from inter-governmental agreements, and \$1.593 million in resources received free-of-charge. All own source revenue is received from Commonwealth, state and territory agencies and reflects their continuing contribution in managing nationally significant crime.

Revenue 2014–15



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 monthly reporting to the Department of Finance
- full engagement with the ACC Audit Committee
- periodic review of the Accountable Authority Instructions to ensure compliance with the *Public Governance Performance and Accountability Act 2013*
- regular audits by the Australian National Audit Office and the ACC's Internal Audit Team
- online financial delegation training and accreditation for staff
- National Manager endorsement to identify breaches of financial management practices under the *Public Governance Performance and Accountability Act 2013* and to provide assurance to the Accountable Authority for the compliance certification to be provided to the Minister for Justice and Minister for Finance
- centralised administration of procurement, property leases, assets, travel, credit cards, fleet vehicles, mobile phones and laptops.

Agency Resource Statement 2014–15

	Actual available appropriations for 2014–15 \$'000	Payments made 2014–15 \$'000	Balance remaining \$'000
	(a)	(b)	(a-b)
Ordinary annual services			
Departmental appropriation			
Prior year departmental appropriation (incl. S.74 Relevant agency receipts)	\$28.588	\$28.588	\$0
Departmental appropriation (including Departmental Capital Budget)	\$98.193 ¹	\$67.062 ²	\$31.131
S.74 Relevant agency receipts	\$15.843 ²	\$14.400	\$1.443
Total ordinary annual services	\$142.624	\$110.050	\$32.574
Other services			
Departmental non-operating			
Equity injections ³	\$3.422	\$200	\$3.222
Total other services	\$3.422	\$200	\$3.222
Total resourcing and payments	\$146.046	\$110.250	\$35.796

1. The annual department appropriation includes \$0.023 million quarantined and unavailable for use due to the implementation of the mandatory telecommunications data retention measure.
2. The S.74 relevant agency receipts and the payments from departmental appropriation not adjusted for GST.
3. The equity injection funded for counter terrorism and national security was \$3.422 million, of which \$3.222 million has been re-phased to future years.

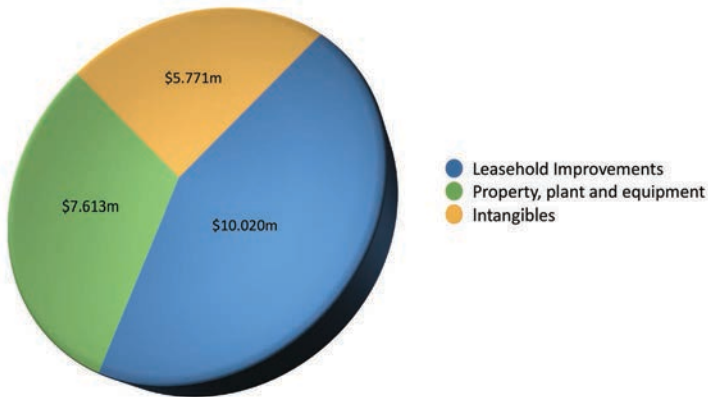
Asset management

During 2014–15 we engaged the Australian Valuation Service Office (AVSO) to undertake a full revaluation of leasehold improvements and property, plant and equipment. It is currently ACC policy to undertake a full revaluation every three years and a desk top review each year in between. The aim of the desk top review is to determine whether the asset's book value materially differs from its fair value and adjust accordingly.

Our asset mix at the end of 2014–15 comprised:

- \$10.020 million—leasehold improvements
- \$7.613 million—property, plant and equipment (includes assets under construction)
- \$5.771 million—intangibles (includes assets under construction)

Fixed assets 2014–15



Property

We have ACC 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 in advance the requirements for each property location and to take advantage of positioning and favourable property market conditions where they exist. This year we took advantage of favourable market conditions in Sydney and Brisbane to reduce our footprint and ensure compliance with per person density requirements. We will continue to use this approach as our other office leases expire and/or new opportunities present themselves.

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 Accountable Authority Instructions and supporting operational policies and procedures, which are reviewed for consistency with the Commonwealth Procurement Framework. The procurement framework reflects the core principle governing Australian Government procurement—value for money. Our policies and procedures also focus on:

- encouraging competitive, non-discriminatory procurement processes
- efficient, effective economical and ethical use of resources
- accountability and transparency.

During 2014–15 we continued to participate in whole-of-government coordinated procurement initiatives and used clustering and piggybacking opportunities to lower tendering costs and provide savings through economies of scale.

Consultants

During 2014–15, the ACC entered into 12 new consultancy contracts, involving total actual expenditure of \$0.384 million (inc. GST). In addition, one ongoing consultancy contract was active during 2014–15, which involved consultancy expenditure of \$0.045 million (inc. GST), taking the total consultancy expense to \$0.429 million (inc. GST). Information on the value of contracts and consultancies is available on the AusTender website at <www.tenders.gov.au>.

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. We make decisions to engage a consultant in accordance with the *Public Governance, Performance and Accountability Act 2013* and related regulations including the Commonwealth Procurement Rules and relevant internal policies.

Exempt contracts

During the reporting period we did not publish the details of two contracts with a total value of \$5.873 million (inc. GST) on AusTender. These contracts were not published due to the ACC's exemption under section 105D of the *Public Governance Performance and Accountability Act 2013*.

Procurement initiatives to support small business

The ACC supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website: <www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/>.

The ACC recognises the importance of ensuring that small businesses are paid on time. We support the use of SMEs through various means including the use of template contracts for both low risk and higher risk procurements and compliance with the Government's Supplier Pay on Time or Pay Interest Policy.

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

Information on grants awarded by the ACC during the period 1 July 2014 to 30 June 2015 is available at <<https://www.crimecommission.gov.au/about-us/governance>>.

Audited financial statements



INDEPENDENT AUDITOR'S REPORT

To the Minister for Justice

I have audited the accompanying annual financial statements of the Australian Crime Commission for the year ended 30 June 2015, which comprise:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments; and
- Notes to the financial statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Accountable Authority's Responsibility for the Financial Statements

The Chief Executive Officer of the Australian Crime Commission is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Chief Executive Officer is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that 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 entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

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) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Australian Crime Commission as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Peter Kerr
Executive Director
Delegate of the Auditor-General
Canberra
24 September 2015

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2015 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*, and are based on properly maintained financial records as per subsection 41(2) of the *PGPA Act*.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Crime Commission will be able to pay its debts as and when they fall due.

Signed.....

Chris Dawson, APM
Chief Executive Officer

24 September 2015

Signed.....

Yvette Whittaker
Chief Financial Officer

24 September 2015

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	4A	65,228	63,656
Suppliers	4B	31,174	29,433
Depreciation and amortisation	8A	6,888	7,347
Finance costs—unwinding of discount		74	97
Write-down of property, plant and equipment	8A	19	13
Services provided by State, Territory and Other Commonwealth Agencies	4C	5,061	5,309
Total expenses		108,444	105,855
Own-Source Income			
Own-source revenue			
Rendering of services	5A	7,074	6,746
Other revenue	5B	1,717	2,084
Total own-source revenue		8,791	8,830
Total own-source income		8,791	8,830
Net cost of services		-99,653	-97,025
Revenue from Government—Departmental Appropriations		93,358	90,495
Deficit attributable to the Australian Government		-6,295	-6,530
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserves—leasehold improvements and property, plant and equipment		2,544	-
Changes in asset revaluation reserves—provision for restoration obligations		61	213
Total other comprehensive income		2,605	213
Total comprehensive loss attributable to the Australian Government		-3,690	-6,317

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION*as at 30 June 2015*

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents		740	1,317
Trade and other receivables	7	33,903	29,390
Total financial assets		34,643	30,707
Non-financial assets			
Leasehold improvements	8A	10,020	6,949
Property, plant and equipment	8A	7,613	6,513
Intangibles	8A	5,771	7,317
Prepayments	8B	1,915	2,047
Total non-financial assets		25,319	22,826
Total assets		59,962	53,533
LIABILITIES			
Payables			
Suppliers	9A	6,689	6,403
Other payables	9B	7,258	3,731
Total payables		13,947	10,134
Provisions			
Employee leave provisions	10A	18,307	16,787
Provisions for restoration obligations	10B	2,085	2,311
Total provisions		20,392	19,098
Total liabilities		34,339	29,232
Net assets		25,623	24,301
EQUITY			
Contributed equity		33,091	28,079
Reserves		8,478	5,873
Accumulated deficit		-15,946	-9,651
Total equity		25,623	24,301

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2015

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Opening balance	-9,651	-3,121	5,873	5,660	28,079	25,764	24,301	28,303
Comprehensive income								
Deficit for the period	-6,295	-6,530	-	-	-	-	-6,295	-6,530
Other comprehensive income	-	-	2,605	213	-	-	2,605	213
Total comprehensive income	-6,295	-6,530	2,605	213	-	-	-3,690	-6,317
Transactions with owners								
Contributions by owners								
Equity injection—Appropriations	-	-	-	-	3,422	573	3,422	573
Departmental capital budget	-	-	-	-	4,812	1,742	4,812	1,742
Transfers to owners								
Section 51 reduction—Appropriations Act (No 4)—2014–15	-	-	-	-	-3,222	-	-3,222	-
Total transactions with owners	-	-	-	-	5,012	2,315	5,012	2,315
Closing balance as at 30 June	-15,946	-9,651	8,478	5,873	33,091	28,079	25,623	24,301

The above statement should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT*for the period ended 30 June 2015*

	Notes	2015 \$'000	2014 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		90,838	90,631
Rendering of services		7,538	7,248
Net GST received		3,045	2,734
Total cash received		101,421	100,613
Cash used			
Employees		63,708	64,076
Suppliers		31,403	32,680
Section 74 receipts transferred to OPA		1,443	255
Other		3,468	3,251
Total cash used		100,022	100,262
Net cash from operating activities	11	1,399	351
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment		6,664	1,311
Purchase of intangibles		324	2,011
Total cash used		6,988	3,322
Net cash used by investing activities		-6,988	-3,322
FINANCING ACTIVITIES			
Cash received			
Contributed equity		5,012	2,315
Total cash received		5,012	2,315
Net cash from financing activities		5,012	2,315
Net decrease in cash held		-577	-656
Cash and cash equivalents at the beginning of the reporting period		1,317	1,973
Cash and cash equivalents at the end of the reporting period		740	1,317

The above statement should be read in conjunction with the accompanying notes.

SCHEDULE OF COMMITMENTS

as at 30 June 2015

	2015 \$'000	2014 \$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments ¹	-5,347	-3,279
Total commitments receivable	-5,347	-3,279
Commitments payable		
Capital commitments		
Land and buildings	185	-
Property, plant & equipment	820	-
Intangibles	55	-
Total capital commitments	1,060	-
Other commitments		
Operating leases ²	49,877	27,386
Other ³	7,887	8,686
Total other commitments	57,764	36,072
Net commitments by type	53,477	32,793
BY MATURITY		
Commitments receivable		
Capital income		
One year or less	-96	-
Total capital income	-96	-
Operating lease income		
Within 1 year	-686	-762
Between 1 to 5 years	-2,389	-1,597
More than 5 years	-1,459	-131
Total operating lease income	-4,534	-2,490
Other commitments receivable		
Within 1 year	-534	-465
Between 1 to 5 years	-183	-324
Total other commitments receivable	-717	-789
Total commitments receivable	-5,347	-3,279
Commitments payable		
Capital commitments		
One year or less	1,060	-
Total capital commitments	1,060	-
Operating lease commitments		
Within 1 year	7,545	8,377
Between 1 to 5 years	26,280	17,567
More than 5 years	16,052	1,442
Total operating lease commitments	49,877	27,386
Other Commitments		
Within 1 year	5,876	5,116
Between 1 to 5 years	2,011	3,570
Total other commitments	7,887	8,686
Total commitments payable	58,824	36,072
Net commitments by maturity	53,477	32,793

SCHEDULE OF COMMITMENTS (CONTINUED)*as at 30 June 2015*

1. Commitments are GST inclusive where relevant.
2. 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	No contingent rentals exist and there are no renewal or purchase options available to the ACC.

3. 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 Australia's national criminal intelligence agency with specialist investigative capabilities. The ACC's objective is to reduce serious organised crime threats of most harm to Australians and the national interest by working across national boundaries to provide Australia with the ability to discover, understand and respond to nationally relevant serious and organised crime. The ACC does this by proactively discovering new and emerging threats, bringing together its specialist capabilities to fill intelligence gaps and to create innovative ways to prevent and disrupt serious and organised crime activity.

The ACC is structured to meet one outcome and one program:

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

The continued existence of the agency in its present form and with its present outcome/program is dependent on Government policy and on continuing funding by Parliament for the ACC.

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 and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The Minister for Finance and the Minister for Justice entered into an agreement that applies under other instrument (Division 4) of the PGPA rule. 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 modified provision S105D (42) (5) of the PGPA rule.

The financial statements have been prepared in accordance with:

- a) Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014; 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.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the ACC has made assumptions or estimates in the following areas that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of ACC's leasehold improvements and property, plant & equipment has been taken to be the market value or depreciated replacement costs as determined by an independent valuer. In some instances, ACC's leasehold improvements are purpose-built and some specialised property, plant & equipment may in fact realise more or less in the market; and
- Leave provisions involve assumptions based on the expected tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rates.

No other 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

The ACC has adopted AASB 2015-7 earlier than the application date. This standard exempts not-for-profit public sector entities from disclosing the fair value measurement of property, plant and equipment assets which are primarily held for internal or policy use, rather than to generate future cash flows.

During the 2014-15 financial year several accounting standards and interpretations were issued prior to the signing of the financial statements by the Accountable Authority and Chief Financial Officer and are applicable to the current reporting period. The accounting standards that had a material effect on the ACC's 2014-15 financial statements are summarised below.

Accounting Standard	Main changes	Impact on the ACC's financial statements
AASB 1055 <i>Budgetary Reporting</i>	Requires reporting of budgetary information by not-for-profit entities within the General Government Sector (however, Comparative budgetary information in respect to the previous reporting period is not required to be disclosed). In particular: <ul style="list-style-type: none"> ■ original budget presented to Parliament; ■ variance of actual from budget; and ■ explanations of significant variances. 	The ACC has disclosed budgetary information in the notes forming part of the financial statements. In particular, following are disclosed in the note: <ul style="list-style-type: none"> ■ original budget presented to Parliament; ■ variance of actual from budget; and ■ explanations of significant variance.

All other new accounting standards did not have a material effect and are not expected to have a future material effect on the ACC's financial statements.

Future Australian Accounting Standard Requirements

During the 2014–15 financial year several accounting standards and interpretations were issued or amended by the Australian Accounting Standards Board which are effective for future reporting periods, however those future standards and interpretation are not expected to have any material impact on the ACC's future financial statements.

1.5 Revenue

The ACC receives revenue from intergovernmental agreements. These are recognised as own-source revenue from State and Territory Police.

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.

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.

Sale of Assets

Revenue from disposal of assets is recognised when control of the asset has passed to the buyer.

1.6 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.

1.7 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.

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 Financial Reporting Rule 32 using the short-hand method. 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

The majority of the ACC staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or 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. The PSSap and other employee nominated superannuation 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.

1.8 Leases

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased asset. Lease incentives are recognised as other payables and amortised over the period of the lease on straight line basis.

The ACC leases office accommodation, motor vehicles and other equipment under operating lease agreements.

1.9 Fair Value Measurement

The ACC deems transfers between the levels of fair value hierarchy to have occurred at the end of the reporting period.

1.10 Financial Assets

Cash & Cash Equivalent

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- a) cash on hand; and
- b) cash held in bank accounts.

Loans and Receivables

Trade receivables are classified as 'loans and receivables' and recorded at face value less any impairment. Trade receivables are recognised where the ACC becomes party to a contract and has a legal right to receive cash. Trade receivables are derecognised on payment. Loans & receivables are assessed for impairment at the end of each reporting period. Allowances are made when collectability of the debt is no longer probable.

1.11 Financial Liabilities

Supplier and other payables are classified as 'other financial liabilities' and 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). Supplier and other payables are derecognised on payment.

1.12 Contingent Liabilities and Contingent Assets

The ACC had no quantifiable or unquantifiable contingent assets or liabilities as at 30 June 2015 (2014: nil).

1.13 Acquisition of Assets

Assets are recorded at cost on acquisition. 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.

1.14 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 (2013-14: \$150,000) and property, plant and equipment costing less than \$2,000 (2013-14: \$2,000), which are expensed in the year of acquisition. Purchases of ICT infrastructure such as PC's, 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 2015.

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.

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:

	2015	2014
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 2015. 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.

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.

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 2015.

Purchases of software are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000 (2013-14: \$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 (2013-14: \$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 (2013–14: 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.

1.15 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.

1.16 Special note for non- corporate Commonwealth entities under the PGPA Act (formerly the prescribed agencies under the FMA Act)

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

The Australian Government is considering whether the Australian Institute of Criminology (AIC) should be merged with the ACC, but a final decision has not been made. In the interim, the ACC and AIC will continue to exist and operate as separate entities, while working together on expanding existing relationships.

There were no other subsequent events that had the potential to significantly affect the ongoing structure and financial activities of the Australian Crime Commission.

NOTE 3: NET CASH APPROPRIATION ARRANGEMENTS

	2015 \$'000	2014 \$'000
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations¹	3,198	1,030
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	-6,888	-7,347
Total comprehensive loss—as per the Statement of Comprehensive Income	-3,690	-6,317

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.

NOTE 4: EXPENSES

	2015 \$'000	2014 \$'000
Note 4A: Employee Benefits		
Wages and salaries	46,470	46,052
Superannuation		
Defined contribution plans	4,588	4,323
Defined benefit plans	4,096	3,928
Leave and other entitlements	8,833	8,385
Separation and redundancies	1,241	968
Total employee benefits	65,228	63,656

Note 4B: Suppliers

Goods and services

Consultants & contractors	2,194	1,922
Operational expenses	1,834	1,554
Staff development and training	1,434	1,250
Motor vehicle expenses	169	174
Office expenses	857	842
Communication	3,151	2,890
Legal expenses	1,566	1,903
Travel	3,128	2,558
Property and security expenses	3,431	3,760
IT support and maintenance	3,624	3,199
Other	436	284
Total goods and services	21,824	20,336

Goods and services are made up of

Provision of goods—related parties	14	50
Provision of goods—external parties	816	1,202
Rendering of services—related parties	3,750	3,104
Rendering of services—external parties	17,244	15,980
Total goods and services	21,824	20,336

Other suppliers

Operating lease rentals—external parties		
Minimum lease payments	8,353	8,349
Workers compensation expenses	997	748
Total other suppliers	9,350	9,097
Total suppliers	31,174	29,433

Note 4C: Services provided by State, Territory and other Commonwealth Agencies

Paid services	3,468	3,342
Services provided free of charge		
Police services	1,498	1,875
Remuneration of auditors	95	92
Total Services provided by State, Territory and other Commonwealth Agencies	5,061	5,309

NOTE 5: OWN-SOURCE INCOME

	2015 \$'000	2014 \$'000
Own-Source Revenue		
Note 5A: Rendering of Services		
Rendering of services—related parties	3,732	3,756
Rendering of services—external parties	3,342	2,990
Total rendering of services	7,074	6,746
Note 5B: Other Revenue		
Resources received free of charge		
Police services	1,498	1,875
Remuneration of auditors	95	92
Other	124	117
Total other revenue	1,717	2,084

NOTE 6: FAIR VALUE MEASUREMENTS

The following tables provide an analysis of assets and liabilities that are measured at fair value.

Fair value measurement must be classified into one of three fair value measurement hierarchy levels depending on the inputs used in the measurement.

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 6A: Fair Value Measurements, Valuation Techniques and Inputs Used					
	Fair value measurements at the end of the reporting period			For Level 2 and 3 fair value measurements	
	2015 \$'000	2014 \$'000	Level 2 or Level 3 ¹	Valuation technique(s) ²	Inputs used
Non-financial assets³					
Leasehold improvements	10,020	6,949	Level 3	Depreciated Replacement Cost (DRC)	Replacement cost new and consumed economic benefit/obsolescence of asset
Property, plant and equipment	1,573	4,003	Level 2	Market Approach	Adjusted market transactions of similar assets
	5,730	2,317	Level 3	Depreciated Replacement Cost (DRC)	Replacement cost new and consumed economic benefit/obsolescence of asset
Total fair value measurements of assets in the statement of financial position⁴	17,323	13,269			

1. 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 2015.
2. Changes were made to the valuation techniques used for some of the assets in the property, plant and equipment class. During the revaluation process, the Depreciated Replacement Cost approach was considered more appropriate for those assets than the market approach, hence the valuation technique was changed from level 2 to 3.
3. For the ACC highest and best use of all non-financial assets are the same as their current use.
The ACC has chosen to early adopt AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities at 30 June 2015. The future economic benefits of the ACC's non-financial assets are not primarily dependent on their ability to generate cash flows. The ACC has not disclosed qualitative information about the significant unobservable inputs or a narrative description of the sensitivities of the fair value measurements to changes in the unobservable inputs.
4. The total fair value of leasehold improvements and property, plant & equipment excludes assets under construction not measured at fair value.

NOTE 6: FAIR VALUE MEASUREMENTS (CONTINUED)**Note 6A: Fair Value Measurements, Valuation Techniques and Inputs Used (continued)****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). For the 2014–15 financial year, the ACC engaged Australian Valuation Solutions (AVS) to undertake a full revaluation of leasehold improvements and property, plant and equipment assets and confirmed that the models developed are in compliance with AASB 13.

Significant level 3 inputs used by the 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 an 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 an accumulated depreciation. The accumulated depreciation has been determined based on professional judgement regarding physical, economic and external obsolescence factors.

Note 6B: 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.

NOTE 6: FAIR VALUE MEASUREMENTS (CONTINUED)

Note 6C: Reconciliation for Recurring Level 3 Fair Value Measurements

Recurring Level 3 fair value measurements—reconciliation for assets

	Non-financial assets					
	Leasehold improvements			Property, plant and equipment		
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
As at July¹	6,949	9,617	2,317	3,486	9,266	13,103
Total losses recognised in net cost of services ²	-2,111	-2,741	-1,092	-1,178	-3,203	-3,919
Changes in asset revaluation Level 3—property, plant and equipment ³	1,197	-	354	-	1,551	-
Purchases	3,985	73	1,941	14	5,926	87
Sales	-	-	-1	-5	-1	-5
Transfers into Level 3 ⁴	-	-	2,211	-	2,211	-
Total as at 30 June	10,020	6,949	5,730	2,317	15,750	9,266

1. Opening balance as determined in accordance with AASB 13.

2. These losses are presented in the Statement of Comprehensive Income under depreciation and amortisation.

3. This reflects the fair value increment of Level 3 property, plant and equipment.

4. Some of the assets in the property, plant & equipment class were reclassified into level 3 due to change in the valuation technique applied to those assets in that class.

The ACC's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.9.

NOTE 7: FINANCIAL ASSETS

	2015 \$'000	2014 \$'000
Note 7: Trade and Other Receivables		
Trade receivables—related parties	98	98
Trade receivables—external parties	644	42
Appropriations receivables—existing programs	32,551	28,588
GST receivable from the Australian Taxation Office	610	662
Total trade and other receivables	33,903	29,390
Trade and other receivables expected to be recovered		
No more than 12 months	33,903	29,390
Total trade and other receivables	33,903	29,390
Trade and other receivables aged as follows		
Not overdue	33,661	29,390
Overdue by		
0 to 30 days ¹	242	-
Total trade and other receivables	33,903	29,390

Credit terms for goods and services were within 30 days (2014: 30 days).

1. Impairment allowances for 2015 is nil (2014: Nil)

NOTE 8: NON-FINANCIAL ASSETS

Note 8A: Reconciliation of the Opening and Closing Balances of Leasehold Improvements, Property, Plant and Equipment and Intangibles

Reconciliation of the opening and closing balances of leasehold improvements, property, plant and equipment and intangibles for 2015

	Leasehold improvements \$'000	Property, plant & equipment \$'000	Computer software—internally developed \$'000	Computer software—purchased \$'000	Total \$'000
As at 1 July 2014					
Gross book value	13,875	12,812	12,468	2,105	41,260
Accumulated depreciation/amortisation	-6,926	-6,299	-5,871	-1,385	-20,481
Total as at 1 July 2014	6,949	6,513	6,597	720	20,779
Additions					
Purchase	3,985	2,416	245	342	6,988
Revaluation recognised in other comprehensive income	1,197	1,347	-	-	2,544
Depreciation/amortisation	-2,111	-2,923	-1,553	-301	-6,888
Other movements					
Transfers	-	263	-509	246	-
Disposals	-	-3	-	-16	-19
Total as at 30 June 2015	10,020	7,613	4,780	991	23,404

Total as at 30 June 2015 represented by

Gross book value	10,020	7,613	12,205	2,597	32,435
Accumulated depreciation/amortisation	-	-	-7,425	-1,606	-9,031
Total as at 30 June 2015	10,020	7,613	4,780	991	23,404

No indicators of impairment were identified for leasehold improvements, property, plant and equipment and intangibles.

No leasehold improvements, property, plant and equipment and intangibles were expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. As at 30 June 2015, an independent valuer conducted the revaluations.

A revaluation increment of \$1.20m for leasehold improvements (2014: Nil) and a revaluation increment of \$1.34m for property, plant and equipment (2014: Nil) were credited to the asset revaluation surplus by asset class and included in the equity section of the Statement of Financial Position. No increments/decrements were expensed in 2015 (2014: Nil).

NOTE 8: NON-FINANCIAL ASSETS (CONTINUED)**Note 8A: Reconciliation of the Opening and Closing Balances of Leasehold Improvements, Property, Plant and Equipment and Intangibles (continued)**

Reconciliation of the opening and closing balances of leasehold improvements, property, plant and equipment and intangibles for 2014

	Leasehold improvements \$'000	Property, plant & equipment \$'000	Computer software— internally developed \$'000	Computer software— purchased \$'000	Total \$'000
As at 1 July 2013					
Gross book value	13,802	11,620	11,148	1,535	38,105
Accumulated depreciation/amortisation	-4,185	-3,074	-4,643	-1,386	-13,288
Total as at 1 July 2014	9,617	8,546	6,505	149	24,817
Additions					
Purchase	73	1,238	1,320	691	3,322
Depreciation/amortisation	-2,741	-3,258	-1,228	-120	-7,347
Other movements					
Disposals	-	-13	-	-	-13
Total as at 30 June 2014	6,949	6,513	6,597	720	20,779

Total as at 30 June 2014 represented by

Gross book value	13,875	12,812	12,468	2,105	41,260
Accumulated depreciation/amortisation	-6,926	-6,299	-5,871	-1,385	-20,481
Total as at 30 June 2014	6,949	6,513	6,597	720	20,779

Note 8B: Prepayments

	2015 \$'000	2014 \$'000
Prepayments—no more than 12 months	1,739	1,767
Prepayments—more than 12 months	176	280
Total prepayments	1,915	2,047

No indicators of impairment were found for prepayments.

NOTE 9: PAYABLES

	2015 \$'000	2014 \$'000
Note 9A: Suppliers		
Trade creditors and accruals	5,607	4,987
Operating lease rentals	1,082	1,416
Total suppliers	6,689	6,403
Suppliers expected to be settled		
No more than 12 months	5,629	5,327
More than 12 months	1,060	1,076
Total suppliers	6,689	6,403
Suppliers—related parties	932	620
Suppliers—external parties	5,757	5,783
Total suppliers	6,689	6,403

Settlement was usually made within 30 days.

Note 9B: Other Payables		
Wages and salaries	1,744	1,516
Superannuation	302	253
Lease incentives ¹	3,454	1,295
Unearned income	1,443	510
Other	315	157
Total other payables	7,258	3,731
Other payables expected to be settled		
No more than 12 months	2,499	3,052
More than 12 months	4,759	679
Total other payables	7,258	3,731

1. The agency has received incentives in the form of rent free periods and fit out contributions as part of renegotiated property operating leases.

NOTE 10: PROVISIONS

	2015 \$'000	2014 \$'000
Note 10A: Employee Leave Provisions		
Employee leave provisions expected to be settled		
No more than 12 months	6,718	6,974
More than 12 months	11,589	9,813
Total employee provisions	18,307	16,787

Note 10B: Provision for Restoration Obligations

	Provision for restoration obligations ¹ \$'000
As at 1 July 2014	2,311
Additional provisions made	173
Amounts used	-239
Amounts reserved	-234
Unwinding of discount	74
Total as at 30 June 2015	2,085

1. Provision for restoration obligation is expected to be settled in more than 12 months.

The Agency currently has 9 agreements (2014: 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 11: CASH FLOW RECONCILIATION

	2015 \$'000	2014 \$'000
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Cash and cash equivalents as per		
Cash flow statement	740	1,317
Statement of financial position	740	1,317
Discrepancy	-	-
Reconciliation of net cost of services to net cash from operating activities		
Net cost of services	-99,653	-97,025
Revenue from Government—Departmental Appropriations	93,358	90,495
Section 74 receipts transferred to OPA	-1,443	-255
Adjustments for non-cash items		
Depreciation/amortisation	6,888	7,347
Net write-down of non-financial assets	19	13
Movements in assets and liabilities		
Assets		
(Increase)/decrease in net receivables	-3,070	176
Decrease/(increase) in prepayments	132	-365
Liabilities		
Increase/(decrease) in employee provisions	1,520	-420
Increase in supplier payables	286	952
Increase/(decrease) in other payables	3,527	-664
(Decrease)/increase in other provisions	-165	97
Net cash from operating activities	1,399	351

NOTE 12: CONTINGENT ASSETS AND LIABILITIES

Quantifiable Contingencies

At 30 June 2015, the ACC did not have any quantifiable contingencies (2014: Nil).

Unquantifiable Contingencies

At 30 June 2015, 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 (2014: Nil).

Significant Remote Contingencies

At 30 June 2015, the ACC did not have any significant remote contingencies (2014: Nil).

NOTE 13: SENIOR MANAGEMENT PERSONNEL REMUNERATION

	2015	2014
	\$	\$
Short-term employee benefits		
Salary	3,315,564	3,593,183
Total short-term employee benefits	3,315,564	3,593,183
Post-employment benefits		
Superannuation	538,228	498,506
Total post-employment benefits	538,228	498,506
Other long-term employee benefits		
Annual leave	235,579	197,790
Long-service leave	81,667	65,744
Total other long-term employee benefits	317,246	263,534
Termination benefits		
Voluntary redundancy expenses	-	510,243
Total termination benefits	-	510,243
Total senior management personnel remuneration expenses¹	4,171,038	4,865,466
Total number of senior management personnel¹	20	20

1. Includes substantive SES and staff acting as SES for greater than 6 months.

NOTE 14: FINANCIAL INSTRUMENTS

	Notes	2015 \$'000	2014 \$'000
Note 14A: Categories of Financial Instruments			
Financial Assets			
Loans and receivables			
Cash and cash equivalents		740	1,317
Trade and other receivables	7	742	140
Total financial assets		1,482	1,457
Financial Liabilities			
Financial liabilities measured at amortised cost			
Trade creditors and accruals	9A	5,607	4,987
Total financial liabilities		5,607	4,987

Note 14B: 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 services, in 2015: \$0.742m (2014: \$0.140m). The ACC has assessed the risk of the default on payment to be nil in 2015 (2014: 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 2015 the ACC has determined that all the outstanding debtors are expected to be settled in 2015–16 financial year.

Note 14C: 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 obligations associated with financial liabilities. This was highly unlikely as the ACC has appropriated funding from the Australian Government and the ACC manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the ACC has policies in place to ensure timely payments were made when due and has no past experience of default.

Note 14D: Market Risk

The ACC holds basic financial instruments that do not expose the ACC to certain market risks, such as 'Currency risk' and 'Other price risk'.

NOTE 15: FINANCIAL ASSETS RECONCILIATION

	Notes	2015 \$'000	2014 \$'000
Total financial assets as per statement of financial position		34,643	30,707
Less: Non-financial instrument components			
Appropriations receivable—existing programs	7	32,551	28,588
GST receivable	7	610	662
Total non-financial instruments components		33,161	29,250
Total financial assets as per financial instruments note		1,482	1,457

NOTE 16: APPROPRIATIONS**Note 16A: Annual Appropriations ('Recoverable GST exclusive')****Annual Appropriations for 2015**

	Appropriation Act		PGPA Act		Total appropriation \$'000	Appropriation applied in 2015 (current and prior years) \$'000	Variance ² \$'000	Section 51 determinations ³ \$'000
	Annual ¹ Appropriation \$'000		Section 74 \$'000					
Departmental								
Ordinary annual services	98,193		12,789		110,982	-107,461	3,521	-
Other services								
Equity	3,422		-		3,422	-200	3,222	3,222
Total departmental	101,615		12,789		114,404	-107,661	6,743	3,222

1. The annual appropriation for the ordinary annual services includes \$0.023m quarantined by the Department of Finance for the implementation of mandatory telecommunications data retention.

2. The variance of \$3.521m indicates the appropriation applied from the total appropriation was lower due to Section 74 of the PGPA Act and appropriation funds held to cover for 2015-16 proceeds of crime activities and ongoing capital projects. The variance of \$3.222m represents unused appropriation (equity injection) re-phased to future years.

3. The equity injection funded for counter-terrorism & national security was \$3.422m of which \$3.222m has been re-phased via the application of Section 51 determination of the PGPA Act, this constitutes a permanent loss of control of the funds for the 2014-15 financial year.

Annual Appropriations for 2014

	Appropriation Act		FMA Act		Total appropriation \$'000	Appropriation applied in 2014 (current and prior years) \$'000	Variance ¹ \$'000
	Annual Appropriation \$'000		Section 31 \$'000				
Departmental							
Ordinary annual services	92,237		7,723		99,960	-100,349	-389
Other services							
Equity	573		-		573	-573	-
Total departmental	92,810		7,723		100,533	-100,922	-389

1. The variance of \$0.389m indicates the ACC spent some of its unused appropriation from last year towards capital projects.

NOTE 16: APPROPRIATIONS (CONTINUED)

Note 16B: Departmental Capital Budgets ('Recoverable GST exclusive')					
	2015 Capital Budget Appropriations		Capital Budget Appropriations applied in 2015		
	<i>Appropriation Act</i>		(current and prior years)		
	Annual Capital Budget \$'000	Total Capital Budget Appropriations \$'000	Payments for non-financial assets ² \$'000	Total payments \$'000	Variance \$'000
Departmental					
Ordinary annual services— Departmental Capital Budget ¹	4,812	4,812	-4,812	-4,812	-
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 Act. For more information on ordinary annual services appropriations, please see Note 16A: Annual appropriations.					
2. Payments made on non-financial assets include purchases of assets and expenditure on assets which has been capitalised and costs incurred to make good an asset to its original condition.					

	2014 Capital Budget Appropriations		Capital Budget Appropriations applied in 2014 (current and prior years)		
	<i>Appropriation Act</i>		(current and prior years)		
	Annual Capital Budget \$'000	Total Capital Budget Appropriations \$'000	Payments for non-financial assets ² \$'000	Total payments \$'000	Variance \$'000
Departmental					
Ordinary annual services— Departmental Capital Budget ¹	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 Act. For more information on ordinary annual services appropriations, please see Note 16A: 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')**

	2015	2014
	\$'000	\$'000
Departmental		
Appropriations Act (No.1) 2014–15 ¹	32,574	-
Appropriations Act (No.4) 2014–15 ²	3,222	-
Appropriations Act (No.1) 2013–14 ³	-	28,588
Cash at bank ⁴	740	1,317
Total departmental	36,536	29,905

1. The Appropriation Act (No.1) balance for 2014-15 represents unused appropriation for the year and appropriation of \$0.023m quarantined for implementation of mandatory telecommunications data retention.
2. The Appropriation Act (No.4) balance for 2014-15 represents unused appropriation re-phased to future years. The \$3.222m is not reported in the financial statements under the Section 51 determination of the PGPA Act.
3. The Appropriation Act (No.1) balance for 2013-14 represents unused appropriation for the year.
4. Cash at bank represents funds withdrawn from the Official Public Account as at 30 June.

NOTE 17: REPORTING OF OUTCOMES

Note 17: Net Cost of Outcome Delivery

	Outcome 1	
	2015 \$'000	2014 \$'000
Departmental		
Expenses	108,444	105,855
Own-source income	-8,791	-8,830
Net cost of outcome delivery	99,653	97,025

ACC has one outcome and is described in Note 1.1. Net costs shown include intra-government costs that were eliminated in calculating the actual Budget Outcome.

NOTE 18: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES

The following tables provide a comparison of the original budget as presented in the 2014-15 Portfolio Budget Statements (PBS) to the 2014-15 final outcome as presented in accordance with Australian Accounting Standards for the ACC. The budget is not audited.

Note 18A: Departmental Budgetary Reports**STATEMENT OF COMPREHENSIVE INCOME**

for the period ended 30 June 2015

		Actual	Budget estimate	
			Original	Variance ¹
		2015	2015	2015
		\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	(a)	65,228	61,051	4,177
Suppliers	(a)	31,174	27,364	3,810
Depreciation and amortisation		6,888	7,302	-414
Finance costs—unwinding of discount		74	-	74
Write-down of property, plant and equipment		19	-	19
Services provided by State, Territory and Other Commonwealth Agencies		5,061	5,200	-139
Total expenses		108,444	100,917	7,527
Own-Source Income				
Own-source revenue				
Rendering of services	(b) (e)	7,074	4,699	2,375
Other revenue	(c)	1,717	-	1,717
Total own-source revenue		8,791	4,699	4,092
Gains				
Other gains	(c)	-	2,000	-2,000
Total gains		-	2,000	-2,000
Total own-source income		8,791	6,699	2,092
Net cost of services		-99,653	-94,218	-5,435
Revenue from Government—Departmental Appropriations	(a)	93,358	86,916	6,442
Deficit attributable to the Australian Government		-6,295	-7,302	1,007
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves—leasehold improvements and property, plant and equipment	(d)	2,544	-	2,544
Changes in asset revaluation reserves—provision for restoration obligations		61	-	61
Total other comprehensive income		2,605	-	2,605
Total comprehensive (loss) attributable to the Australian Government		-3,690	-7,302	3,612

1. Explanation of major variances are provided in Note 18B.

NOTE 18: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES (CONTINUED)

Note 18A: Departmental Budgetary Reports (continued)

STATEMENT OF FINANCIAL POSITION

for the period ended 30 June 2015

	Actual	Budget estimate	
		Original	Variance ¹
	2015	2015	2015
	\$'000	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents	740	1,506	-766
Trade and other receivables	(e) 33,903	24,524	9,379
Total financial assets	34,643	26,030	8,613
Non-financial assets			
Land and buildings	10,020	5,518	4,502
Property, plant and equipment	7,613	8,006	-393
Intangibles	5,771	4,920	851
Prepayments	1,915	1,680	235
Total non-financial assets	(d) 25,319	20,124	5,195
Total assets	59,962	46,154	13,808
LIABILITIES			
Payables			
Suppliers	(a) 6,689	2,875	3,814
Other payables	(d) 7,258	3,550	3,708
Total payables	13,947	6,425	7,522
Interest Bearing Liabilities	-	678	-678
Leases	-	678	-678
Total Interest Bearing Liabilities			
Provisions			
Employee leave provisions	(a) 18,307	16,066	2,241
Provision for restoration obligations	2,085	2,447	-362
Total provisions	20,392	18,513	1,879
Total liabilities	34,339	25,616	8,723
Net assets	25,623	20,538	5,085
EQUITY			
Contributed equity	33,091	32,891	200
Reserves	8,478	5,660	2,818
Accumulated deficit	-15,946	-18,013	2,067
Total equity	25,623	20,538	5,085

1. Explanation of major variances are provided in Note 18B.

NOTE 18: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES (CONTINUED)

Note 18A: Departmental Budgetary Reports (continued)

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2015

	Retained earnings			Asset revaluation surplus			Contributed equity/capital			Total equity		
	Actual	Budget estimate		Actual	Budget estimate		Actual	Budget estimate		Actual	Budget estimate	
		Original	Variance ¹		Original	Variance ¹		Original	Variance ¹		Original	Variance ¹
	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	-9,651	-10,711	1,060	5,873	5,660	213	28,079	28,079	-	24,301	23,028	1,273
Comprehensive income												
Deficit for the period	-6,295	-7,302	1,007	-	-	-	-	-	-	-6,295	-7,302	1,007
Other comprehensive income	-	-	-	2,605	-	2,605	-	-	-	2,605	-	2,605
Total comprehensive income	-6,295	-7,302	1,007	2,605	-	2,605	-	-	-	-3,690	-7,302	3,612
Transactions with owners												
Contributions by owners												
Equity injection—Appropriations	-	-	-	-	-	-	3,422	-	3,422	3,422	-	3,422
Departmental capital budget	-	-	-	-	-	-	4,812	4,812	-	4,812	4,812	-
Transfers to owners												
Section 51 reduction—Appropriations Act (No 4)—2014–15	-	-	-	-	-	-	-3,222	-	-3,222	-3,222	-	-3,222
Total transactions with owners	-	-	-	-	-	-	5,012	4,812	200	5,012	4,812	200
Closing balance as at 30 June	-15,946	-18,013	2,067	8,478	5,660	2,818	33,091	32,891	200	25,623	20,538	5,085

1. Explanation of major variances are provided in Note 18B.

NOTE 18: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES (CONTINUED)

Note 18A: Departmental Budgetary Reports (continued)

CASH FLOW STATEMENT

for the period ended 30 June 2015

		Actual	Budget estimate	
			Original	Variance ¹
		2015	2015	2015
		\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations	(a) (e)	90,838	89,473	1,365
Rendering of services	(b)	7,538	4,699	2,839
Net GST received		3,045	-	3,045
Total cash received		101,421	94,172	7,249
Cash used				
Employees	(a)	63,708	62,217	1,491
Suppliers	(a)	31,403	28,244	3,159
Section 74 receipts transferred to OPA		1,443	-	1,443
Other		3,468	3,200	268
Total cash used		100,022	93,661	6,360
Net cash from operating activities		1,399	511	888
INVESTING ACTIVITIES				
Cash used				
Purchase of property, plant and equipment	(d)	6,664	5,323	1,341
Purchase of intangibles		324	-	324
Total cash used		6,988	5,323	1,665
Net cash used by investing activities		-6,988	-5,323	-1,665
FINANCING ACTIVITIES				
Cash received				
Contributed equity		5,012	4,812	200
Total cash received		5,012	4,812	200
Net cash from financing activities		5,012	4,812	200
Net decrease in cash held		-577	-	-577
Cash and cash equivalents at the beginning of the reporting period		1,317	1,506	-189
Cash and cash equivalents at the end of the reporting period		740	1,506	-766

1. Explanation of major variances are provided in Note 18B.

**NOTE 18: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES
(CONTINUED)****Note 18B: Explanation of Major Variances**

The following provides a comparison of the original budget as presented in the 2014–15 Portfolio Budget Statements (PBS) and the revised budget as presented in the 2014–15 Portfolio Additional Estimates Statements (PAES) to the 2014–15 final outcome as in accordance with Australian Accounting Standards for the entity. The intention of this variance analysis is to provide the reader with information relevant to assessing the performance of the agency, including the accountability for the resources entrusted to it.

Australian Accounting Standard *AASB 1055 Budgetary Reporting* requires variance explanations of major variances between the original budget as presented in the 2014–15 PBS and the actual outcome as reported in these financial statements. It should be noted that the original budget was prepared before the 2013–14 actual figures could be known. As a consequence the opening balance of the 2014–15 Statement of Financial Position needed to be estimated and in some cases variances between 2014–15 actual and budget numbers can be at least in part attributed to unanticipated movements in the prior period figures.

Variances attributable to factors which would not reasonably have been identifiable at the time of the budget preparation, such as revaluation or impairment of assets or reclassifications of asset reporting categories have not been included as part of the analysis.

The ACC considers that major variances are those greater than 10% of the original estimate. Variances below this threshold are not included unless considered significant by their nature.

The Budget is not audited.

General Commentary

In accordance with the Commonwealth budget framework, the ACC revised the estimates during the year for a number of reasons, including Government decisions and policy, prior year outcomes, current year trends, the effects of price and growth, and transfers to and from other Commonwealth entities. The revised estimates for the 2014–15 financial year are published in the 2014–15 PAES.

(a) In the 2014–15 PAES the ACC was funded for measures that resulted in increased operational activities.

The measures were:

- Funding for pre-existing measures affecting the public sector;
- National security—additional counter terrorism funding; and
- National Security—implementation of mandatory telecommunications data retention.

This has caused an increase in the following financial statement line items and corresponding cash flow.

- Appropriation
- Employee benefits
- Suppliers
- Employee provisions

Statement of Comprehensive Income

(b) Own Source Revenue

The variance between original budget own-source revenue and actual is due to additional revenue received from partner agencies for increased operational activities. These activities also align with the revised estimates included in the PAES.

(c) Other Gains & Other Revenue

The variances between the budget and the actual for 'Other Gains' and 'Other Revenue' is due to the misclassification of the budget under 'Other Gains'.


Statement of Financial Position

(d) Non-financial assets

The variance in the actual assets to 2014–15 PBS is mainly caused by the acquisition of leasehold improvements for Brisbane & Sydney premises and the impact of the independent valuation of non-financial assets. The total estimated non-financial assets at the time of the 2014–15 PAES were consistent with the actual outcome.

(e) Trade and other receivables

The variance in the actual departmental trade & other receivables compared to 2014–15 PBS is as a result of additional funding for operational activities in 2014–15 & 2015–16 and lease incentive contributions on Sydney leasehold improvements.



We **discover, understand**
and **respond** to federally relevant
serious and organised crime.



Chapter 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 270
	Glossary	Mandatory	Page 266
	Contact officer(s)	Mandatory	Inside back cover
	Internet home page address and Internet address for report	Mandatory	Inside back cover
Review by Secretary			
	Review by departmental secretary	Mandatory	Pages 14–19
	Summary of significant issues and developments	Suggested	Pages 14–19
	Overview of department's performance and financial results	Suggested	Pages 12 and 14–19
	Outlook for following year	Suggested	Pages 18–19
	Significant issues and developments—portfolio	Portfolio departments (Suggested)	Not applicable
Departmental overview			
	Role and functions	Mandatory	Pages 1 and 8–11
	Organisational structure	Mandatory	Pages 9 and 134
	Outcome and program structure	Mandatory	Page 20
	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	Portfolio departments (Mandatory)	Not applicable
Report on performance			
	Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	Pages 22–35 Chapters 2–4
	Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	Pages 2–35 and 233

Part of report	Description	Requirement	References
	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	Pages 28–35
	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 142–46 and 153
	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 142–47 and 153
	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	Pages 193 and 265
Management and accountability			
Corporate governance			
	Agency heads are required to certify their agency's actions in dealing with fraud	Mandatory	Inside front cover
	Statement of the main corporate governance practices in place	Mandatory	Pages 132–166
	Names of the senior executive and their responsibilities	Suggested	Pages 135–141
	Senior management committees and their roles	Suggested	Pages 141–43
	Corporate and operational plans and associated performance reporting and review	Suggested	Pages 144–150
	Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested	Pages 151–53

Appendix A: List of requirements (continued)

Part of report	Description	Requirement	References
	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	Pages 151–57
	How nature and amount of remuneration for SES officers is determined	Suggested	Page 177
Management and accountability			
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 166–68
	Reports by the Auditor-General, a Parliamentary Committee, the Commonwealth Ombudsman or an agency capability review	Mandatory	Page 165
Management of human resources			
	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	Pages 179–184
	Workforce planning, staff retention and turnover	Suggested	Pages 178–184
	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and Australian Workplace Agreements (AWAs)	Suggested	Page 177–78
	Training and development undertaken and its impact	Suggested	Pages 180–84
	Work health and safety performance	Suggested	Pages 184 and 250–53
	Productivity gains	Suggested	Not applicable
	Statistics on staffing	Mandatory	Pages 170–74 and 260–65
	Statistics on employees who identify as Indigenous	Mandatory	Page 264
	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	Pages 177–78
	Performance pay	Mandatory	Page 177

Part of report	Description	Requirement	References
Assets management			
	Assessment of effectiveness of assets management	If applicable, mandatory	Page 193
Purchasing			
	Assessment of purchasing against core policies and principles	Mandatory	Pages 194–95
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 195
Australian National Audit Office Access Clauses			
	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	Page 195
Exempt contracts			
	Contracts exempted from publication in AusTender	Mandatory	Page 195
Small business			
	Procurement initiatives to support small business	Mandatory	Page 195
Financial statements			
	Financial statements	Mandatory	Pages 196–239

Appendix A: List of requirements (continued)

Part of report	Description	Requirement	References
Other mandatory information			
	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	Pages 184 and 250–53
	Advertising and Market Research (section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	Page 259
	Ecologically sustainable development and environmental performance (section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	Pages 185–87
	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	Mandatory, if applicable	Not applicable
	Grant programs	Mandatory	Page 195
	Disability reporting—explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory	Page 176
	Information Publication Scheme statement	Mandatory	Pages 166 and 254–58
	Correction of material errors in previous annual report	Mandatory, if applicable,	Not applicable
	Agency Resource Statements and Resources for Outcomes	Mandatory	Pages 193 and 265
	List of requirements	Mandatory	Pages 242–46

Appendix B: **PBS** excerpt

As required, this report reviews our performance against the outcome strategy, deliverables and key performance indicators in our 2014–15 PBS. The relevant excerpt is included here. Our complete PBS is at <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 this 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.

Appendix B: PBS excerpt (continued)

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 118
A biennial Organised Crime Threat Assessment, which underpins the Commonwealth's strategic response to combating organised crime.	Page 41
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.	Discover KPI 1 in scorecard on page 24 and page 28
The filling of intelligence gaps through the identification of vulnerabilities and indicators of serious and organised crime.	Discover KPI 2 in scorecard on page 24 and page 29
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 114–124
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 119–124
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.	First part, 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.	Second part, Chapter 3 and aspects of second 'Respond' KPI on page

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 new performance measurement framework that commenced in 2013 will be further developed over the five-year operation of the ACC Strategic Plan (2013–18). New systems are being developed to collect performance data against the following indicators and will be complemented by traditional quantitative performance measures.</p> <ul style="list-style-type: none"> ■ The ACC produces useful intelligence that identifies and provides insights on new and emerging serious and organised crime threats. ■ The ACC fills intelligence gaps through the identification of vulnerabilities and indicators of serious and organised crime. ■ The ACC collects and maintains national intelligence holdings of serious and organised crime threats and targets. ■ The ACC interprets and analyses national holdings to create a national serious and organised crime intelligence picture. ■ The ACC informs and influences hardening of the environment against serious and organised crime. ■ The ACC influences or enables the disruption, disabling or dismantling of serious and organised crime. ■ The ACC participates in or coordinates collaboration in joint investigations and operations to prevent and disrupt serious and organised crime. 	<p>Scorecard on pages 22–35</p>

Appendix C: Work health and safety

Work health and safety priorities for 2014–15

This year we:

- continued working closely with our Senior Executive to ensure they understand their due diligence obligations and have sufficient systems in place to meet these obligations
- strengthened our risk management arrangements with a focus on operational environments and contexts
- refined our Rehabilitation Management System and completed the second annual audit as required by legislation
- fostered our partnership with Comcare
- continued our mandatory workplace drug and alcohol testing program
- introduced a new Employee Assistance Program provider
- developed a work health and safety (WHS) communication strategy.

Health and safety leadership

In September 2014 the CEO requested that we establish a high level Work Health and Safety Working Group to build a positive safety culture through leadership, communication and consultation. The working group comprises members from senior managers across corporate, strategic and operational arms of the ACC. Through the working group we have completed a range of health and safety strategies including:

- comprehensive risk registers and review processes
- enhanced communication and engagement with staff regarding health and safety
- review of health and safety for international postings
- due diligence frameworks for Senior Executive.

This group was disbanded in March 2015 as its purpose was completed.

Work health and safety management arrangements

National Work Health and Safety Committee

Our National Work Health and Safety Committee meets quarterly and is responsible for:

- supporting the ACC Executive by helping identify, develop, review and implement measures to protect and actively manage the health and safety of workers
- promoting and monitoring measures to ensure safe work practices

- facilitating consultation and communication with workers about WHS matters
- undertaking functions as prescribed in the *Work Health Safety Act 2011* or Regulations.

Consultative arrangements

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 support consultation and enhance communication, this year we developed and implemented a WHS communication strategy:

- to advise all workers on important WHS issues
- encourage active participation in WHS
- promote our health and wellbeing programs.

Initiatives to ensure the health, safety and wellbeing 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.

ACCTive Health and Wellbeing Program

Our ACCTive Health and Wellbeing Program continues to evolve with staff input, reviews of better practice and new initiatives. The annual program is moving into its seventh year and aims to:

- help staff make positive health and behaviour changes
- promote a culture that supports healthy and positive lifestyles
- provide a central source for health and wellbeing information and resources
- inspire staff to take ownership of ACCTive initiatives in their offices
- encompass a broad view of health including physical, mental and social aspects
- demonstrate our commitment to the health and wellbeing of employees and their families
- provide flu vaccinations (to 258 employees 2014–15).

Prevention programs

We take a proactive approach to identify and control hazards in the workplace and to prevent injury. We continue to identify and assess hazards within work areas and ensure that risk control strategies are in place. This year we:

- began enhancing our corporate and operational risk registers
- trained employees as workstation assessors in each ACC office to conduct assessments for staff who do not have a pre-existing condition or injury

Appendix C: Work Health and Safety (continued)

- provided access to an Employee Assistance Program and Manager Assist mediation services, and other employee information and support services
- implemented targeted and random, unannounced drug and alcohol testing of high risk and non-high risk employees (214 employees tested)
- conducted regular workplace inspections to identify hazards and appropriate control measures
- provided manual handling training
- promoted the Harassment Contact Officer network and included 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 arising from the effects of drugs and alcohol in the workplace. Our policy aims to deter drug and alcohol misuse by employees.

Our policy 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.

In 2014–15, we completed 214 targeted and random, unannounced workplace drug and alcohol tests and there were no positive test results.

Health and safety performance

Workers compensation

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. We are committed to supporting employees with work-related injuries or illness and, as outlined in our Rehabilitation Management System, early intervention is a key strategy.

Our premium rate for 2015–16 was set at 2.09 per cent, an increase from the previous year.

An increased focus on early intervention, particularly for psychological conditions, is required to bring the premium rate back down to earlier low levels.

Six accepted compensation claims for injuries/disease occurred during 2014–15, an increase of two from the previous year.

Accepted compensation claims

Year	Accepted compensation claims
2011–12	5
2012–13	6
2013–14	4
2014–15	6

Incident and injury

There were 42 injuries or incidents internally reported in 2014–15. This is 11 more than the previous year, with body stressing (for example, muscle strains) continuing to be the most common incident mechanism.

Incidents are displayed below by mechanism of injury.

Mechanism of injury

Mechanism of injury	2013–14	2014–15
Being hit by moving object	0	2
Biological factors	0	0
Body stressing	16	17
Falls, trips, slips	5	6
Other and unspecified	8	10
Heat and electrical	0	1
Hazard report	2	6
Total	31	42

In 2014–15, we engaged industry professionals to assist with:

- external rehabilitation assessment and 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
- mediation services
- WHS workplace training for manual handling.

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 three notifiable incidents during 2014–15. We reviewed these incidents and implemented corrective actions to reduce the risk or further occurrences.

Work health and safety investigations

We were not subject to any external work health and safety investigations in 2014–15.

Appendix D: Freedom of Information report

During 2014–15, the ACC received 38 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 the ACC's website.

The following statement is correct as at 30 June 2015.

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 *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

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 or access to stored communications
- j) authorise the disclosure of telecommunications data on a historical basis, or, when investigating a criminal offence punishable by at least 3 years imprisonment, on a prospective basis
- k) apply to a court for a witness to be dealt with for contempt
- l) 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.

Appendix D: Freedom of Information report (continued)

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 task forces 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>:

- *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
- Australian Crime Commission annual reports 2002–03 to 2014–15 (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, 2013 and 2015 (also on our website)
- Australian Illicit Drug Data Reports 1989–90 to 2001–02
- Illicit Drug Data Reports 2002–03 to 2013–14 (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 the Parliamentary Joint Committee website <www.aph.gov.au/Parliamentary_Business/Committees/Joint/Law_Enforcement>.

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*.

Appendix D: Freedom of Information report (continued)

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, Hobart 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> under the FOI and Information Publication Scheme links.

Appendix E: Advertising and market research

In 2014–15 the ACC did not make any payments for polling, direct mail or campaign advertising.

The ACC did not make any payments related to non-campaign advertising that were higher than the reporting threshold of \$12 565.

A total of \$29 810 (including GST) was paid to Essence Communications Pty Ltd to undertake a stakeholder-related survey.

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	
	2013–14	2014–15	2013–14	2014–15	2013–14	2014–15
Australian Commission for Law Enforcement Integrity			3	1		
Australian Federal Police	4	5	2	2	18	15
Australian Securities and Investments Commission					3	
Australian Taxation Office		2	4	1	10	3
Australian Transaction Reports and Analysis Centre			2	2		2
Australian Customs and Border Protection Service	1	2	5		3	2
Australian Defence Force				1		
Clean Energy Regulator				1		
Department of Foreign Affairs and Trade			1	1		
Department of Human Services	1		1	1	1	
Department of Immigration and Border Protection	1			2		
New South Wales Crime Commission					1	
NSW Police Force					6	2
Northern Territory Police	1	1				
Queensland Police Service	2	3				5
South Australia Police	2	1	2	1	1	2
Tasmania Police	1	1				
Victoria Police	6	3			3	3
Western Australia Police	4	5				1
Total	23	23	20	13	46	35

APS staff employment capacity by location as at 30 June

Location	Full-time		Part-time		Casual	
	2013–14	2014–15	2013–14	2014–15	2013–14	2014–15
Sydney	108	116	21	17	1	1
Canberra	165	182	17	19		
Melbourne	100	96	11	14		
Brisbane	64	70	12	7		2
Adelaide	25	21	12	10		
Perth	22	23	2	2		
Alice Springs	1					
Darwin	1			1		
Total	486	508	75	70	1	3

APS staff by classification as at 30 June

Classification	Classification totals	
	2013–14	2014–15
APS 2	3	2
APS 3	35	32
APS 4	81	84
APS 5	81	80
APS 6	87	88
EL 1	190	205
EL 2	69	74
SES Band 1	6	8
SES Band 2	3	2
CEO	1	1
Examiner	6	5
Total	562	581

Appendix F: Employee statistics (continued)

APS staff by classification and location as at 30 June

Classification	Sydney		Canberra		Melbourne		Brisbane	
	2013–14	2014–15	2013–14	2014–15	2013–14	2014–15	2013–14	2014–15
APS 2					1		1	1
APS 3	8	7	3	2	12	11	5	5
APS 4	22	24	29	29	13	13	14	16
APS 5	22	26	29	29	12	11	8	9
APS 6	13	13	42	42	17	18	8	6
EL 1	49	51	48	57	42	44	27	29
EL 2	13	12	22	33	12	10	12	11
SES Band 1	1		5	6		1		1
SES Band 2			3	2				
CEO			1	1				
Examiner	2	1			2	2	1	1
Total	130	134	182	201	111	110	76	79

Classification	Adelaide		Perth		Alice Springs		Darwin	
	2013–14	2014–15	2013–14	2014–15	2013–14	2014–15	2013–14	2014–15
APS 2	1	1						
APS 3	4	4	3	3				
APS 4	2	1	1	1				
APS 5	8	5	2					
APS 6	5	5	2	4				
EL 1	10	9	13	14			1	1
EL 2	6	5	3	3	1			
SES Band 1								
SES Band 2								
CEO								
Examiner	1	1						
Total	37	31	24	25	1		1	1

Note: Our Alice Springs office closed on 30 June 2014.

APS staff gender distribution by classification as at 30 June

Classification	Women		Men	
	2013–14	2014–15	2013–14	2014–15
APS 2	2	1	1	1
APS 3	29	27	6	5
APS 4	50	54	31	30
APS 5	56	59	25	21
APS 6	45	49	42	39
EL 1	64	64	126	141
EL 2	25	27	44	47
SES Band 1	2		4	8
SES Band 2	1	1	2	1
CEO			1	1
Examiner	1	1	5	4
Total	275	283	287	298

APS staff turnover as at 30 June

Termination reason	2013–14	2014–15
Move to other APS agency	14	16
Resignation	34	23
Voluntary redundancy	10	14
Retired after age 55	3	5
Invalidity retirement		1
Completed non-ongoing contract	3	4
Retired under section 37 (SES)	1	
Early termination of non-ongoing contract		1
Involuntary redundancy		4
Loss of qualification (Term 29-3b)		1
Total	65	69

Appendix F: Employee statistics (continued)

Ongoing and non-ongoing APS employees as at 30 June 2015

Category	Ongoing	Non-ongoing
Classification level		
APS 2	2	
APS 3	31	1
APS 4	68	16
APS 5	69	11
APS 6	82	6
EL 1	202	3
EL 2	69	5
SES Band 1	8	
SES Band 2	2	
CEO	1	
Examiner		5
Full-time/Part-time status		
Full-time	471	37
Part-time	62	11
Gender		
Male	278	20
Female	255	28
Location		
Sydney	129	5
Canberra	175	27
Melbourne	105	5
Brisbane	71	7
Adelaide	27	4
Perth	25	
Darwin	1	

Staff who identify as Indigenous as at 30 June

Year	Ongoing	Non-ongoing
2013–14	8	0
2014–15	9	0

Appendix G: Agency resource statement table

Agency Resource Statement 2014–15

	Actual available appropriations for 2014–15 \$'000	Payments made 2014–15 \$'000	Balance remaining \$'000
	(a)	(b)	(a-b)
Ordinary annual services			
Departmental appropriation			
Prior year departmental appropriation (incl. S.74 Relevant agency receipts)	\$28.588	\$28.588	\$0
Departmental appropriation (including Departmental Capital Budget)	\$98.193 ¹	\$67.062 ²	\$31.131
S.74 Relevant agency receipts	\$15.843 ²	\$14.400	\$1.443
Total ordinary annual services	\$142.624	\$110.050	\$32.574
Other services			
Departmental non-operating			
Equity injections ³	\$3.422	\$200	\$3.222
Total other services	\$3.422	\$200	\$3.222
Total resourcing and payments	\$146.046	\$110.250	\$35.796

1. The annual department appropriation includes \$0.023 million quarantined and unavailable for use due to the implementation of the mandatory telecommunications data retention measure.
2. The S.74 relevant agency receipts and the payments from departmental appropriation not adjusted for GST.
3. The equity injection funded for counter terrorism and national security was \$3.422 million, of which \$3.222 million has been re-phased to future years.

Glossary

Amphetamine-type stimulants

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- methylenedioxy-methamphetamine is used in this report. MDMC (or 3,4-methylenedioxy-methcathinone) is a controlled drug used as an 'ecstasy substitute'. Other naming conventions are acceptable including 3,4-MDMC and *bk*-MDMA.

Coercive powers

See 'special powers'.

National Organised Crime Response Plan 2015–18

This plan outlines how the Commonwealth, states and territories will work together over the next three years to address a number of key threats from serious and organised crime including the increasing prevalence of drugs such as ice and gun-related crime and violence.

Commonwealth Organised Crime Strategic Framework

A comprehensive and coordinated framework for a whole-of-government response to target the most significant threats from organised crime.

Controlled operation

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. 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.

Criminal intelligence systems

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.

Desk (ALEIN)

The ALEIN Information Desks provide ALEIN users with a limited means of publishing and sharing information and data. The Information Desks are created in a web-like environment to collate and share information and intelligence in thematic groups. 'Desks' may be restricted to facilitate secure sharing of information and intelligence among authorised and named users.

Determination

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.

Disruption/disrupt criminal activity

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. 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. Disruption operational activities may include arrests, seizure of illegal commodities (such as drugs or firearms), proceeds of crime and/or prosecutions.

Entity

We use the term ‘criminal entities’ to refer to groups or individuals. 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).

Environment hardening/hardening the environment

Initiatives or strategies to make it more difficult for organised crime to operate in particular environments, markets or sectors.

Estimated street value

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 the ACC and partner agency operational areas in addition to our *Illicit Drug Data Report*.

(ACC) Examinations

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.

(ACC) Examiners

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.

Federally relevant criminal activity

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. 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.

Fusion (ACC-led National Criminal Intelligence Fusion Capability)

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. The Commonwealth Organised Crime Strategic Framework identified this capability to enhance multi-agency responses to organised crime.

Harms assessment

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.

Intelligence—strategic, operational and tactical

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 *Picture of Criminality in Australia* as well as other strategic intelligence on specific topics. Operational intelligence is gathered and provided as part of the collaborative operations and investigations and may include analysis that informs future operations. Tactical intelligence is also drawn from operational activities and is usually shorter, timely, actionable information about specific details.

Glossary (continued)

MDA (3,4-methylenedioxyamphetamine)

MDA is an amphetamine-type stimulant. The use of this psychoactive drug predates use of the related substance MDMA, with MDA reported to have slightly more psychedelic effects.

MDMA (3,4-methylenedioxymethamphetamine)

MDMA is an amphetamine-type stimulant. This psychoactive drug is commonly known as ecstasy.

National Criminal Intelligence Priorities

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.

Organised Crime Threat Assessment

Our *Organised Crime Threat Assessment* 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.

Picture of Criminality in Australia

Our suite of strategic intelligence products that make up the picture of organised crime—past, present and future. This suite includes the *Illicit Drug Data Report*, *Organised Crime Threat Assessment*, *Organised Crime in Australia*, *National Criminal Target Report* and *Organised Crime 2025*.

Serious and organised crime

According to the ACC Act, serious and organised crime constitutes an offence that involves two or more offenders, substantial planning and organisation, the use of sophisticated methods and techniques, committed (or of a kind that is ordinarily committed) in conjunction with other offences of a like kind, and is punishable by imprisonment for three years or more.

Special investigation

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.

Special operation

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.

Special (coercive) powers

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.

Target

The term is used in two contexts:

- to refer to those entities (persons, groups or syndicates) that are of interest to law enforcement agencies
- to explain the ACC focus on particular areas of criminality (for example, ‘a special investigation is targeting money laundering’).

Acronyms and abbreviations

ACC	Australian Crime Commission
ACC Act	<i>Australian Crime Commission Act 2002</i>
ACID	Australian Criminal Intelligence Database
ACIF	Australian Criminal Intelligence Forum
ACLEI	Australian Commission for Law Enforcement Integrity
AFP	Australian Federal Police
AGICC	Australian Gangs Intelligence Coordination Centre
ALEIN	Australian Law Enforcement Intelligence Network
APS	Australian Public Service
ANZPAA	Australia New Zealand Policing Advisory Agency
CSO	Child Sex Offences (special operation)
EL 1 and EL 2	Executive Level 1 and Executive Level 2
FAFT	Financial Action Task Force
FOI	Freedom of information
HRCT	Highest Risk Criminal Targets (special investigation)
HRCT—SA	Highest Risk Criminal Targets—South Australia (special investigation)
HRCT—VIC	Highest Risk Criminal Targets—Victoria (special investigation)
HRED	High Risk and Emerging Drugs (special operation)
ICT	Information and communication technology
JAG	Joint Analyst Group
JMG	Joint Management Group
KPI	Key Performance Indicator
MAHSOC	Making Australia Hostile to Serious and Organised Crime (special operation)
MDA	3,4-methylenedioxyamphetamine
MDMA	3,4-methylenedioxymethamphetamine
NSISOC	National Security Impacts from Serious and Organised Crime (special operation)
NIITF	National Indigenous Intelligence Task Force
OMCG	Outlaw Motor Cycle Gangs (special operation)
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PBS	Portfolio Budget Statement
SES	Senior Executive Service
SOCCC	Serious and Organised Crime Coordination Committee
TCW	Targeting Criminal Wealth (special investigation)

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Offices of the ACC

ACC Headquarters

Postal address: GPO Box 1936, Canberra City ACT 2601

Telephone: 02 6243 6666

Fax: 02 6243 6687

Regional offices

New South Wales

Postal address: GPO Box 5260, Sydney NSW 2001

Telephone: 02 9373 2100

Fax: 02 9373 2199

South Australia

Postal address: GPO Box 2411, Adelaide SA 5001

Telephone: 08 8217 6300

Fax: 08 8217 6360

Queensland

Postal address: GPO Box 1084, Milton QLD 4064

Telephone: 07 3243 0800

Fax: 07 3243 0899

Tasmania

Postal address: GPO Box 308, Hobart TAS 7001

Telephone: 03 8636 7395

Western Australia

Postal address: GPO Box F378, Perth WA 6001

Telephone: 08 9265 6789

Fax: 08 9265 6780

Northern Territory—Darwin

Postal address: PO Box 39764, Winnellie NT 0821

Telephone: 08 8217 6200

Fax: 08 8217 6215

Victoria

Postal address: GPO Box 238, Melbourne VIC 3001

Telephone: 03 8636 7111

Fax: 03 8636 7399

Annual report contact details

For enquires about this annual report and general information requests, please contact our:

Manager, Communication and Media

Australian Crime Commission (ACC)

GPO Box 1936

Tel: (02) 6243 6843

Fax: (02) 6243 6687

Email: <media@crimecommission.gov.au>

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ISSN 1832–1291 (Print)

ISSN 2200–5110 (Online)

The Australian Crime Commission discovers, understands and responds to serious and organised crime through criminal intelligence services, investigations and intelligence operations.

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