



Discover Understand Respond

**ANNUAL
REPORT 15 | 16**

AUSTRALIAN CRIME COMMISSION

Letter of transmittal

27 September 2016

Michael Keenan MP
Minister for Justice
Minister Assisting the Prime Minister for 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 2016, prepared in accordance with the requirements of the *Public Governance, Performance and Accountability Act 2013* and the Public Governance, Performance and Accountability Rule 2014. The report outlines the ACC's performance for 2015–16 and includes audited financial statements.

The report outlines the ACC's performance for 2015–16 and includes audited financial statements.

Subsection 46(1) of the Act requires me to provide you with a report for presentation to the Parliament.

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 read 'Chris Dawson', followed by a long horizontal line extending to the right.

Chris Dawson APM
Chief Executive Officer
Australian Criminal Intelligence Commission
(formerly the Australian Crime Commission)

ACC at a glance in 2015–16

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 2015–16 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 2016. 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 2015–16 PBS and *Corporate Plan 2015–19*, as required by the *Public Governance, Performance and Accountability Act 2013*. Our PBS outcome and key performance indicators are on page 24. A more complete excerpt including deliverables is at Appendix B. Our corporate plan and a link to our PBS are at [<www.acic.gov.au>](http://www.acic.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 135.

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.

Table of contents

Letter of transmittalinside front cover

ACC at a glance1

About our report2

Snapshot of how we reduced organised crime threats in 2015–164

Snapshot of our management and financial results in 2015–165

Chapter ❶ Agency overview7

 Who we are and what we do

Chapter ❷ Annual performance statement27

 How we achieved our purpose through our intelligence and investigations work

Chapter ❸ Management and accountability115

 Our governance and people

Chapter ❹ Financial performance175

 Our financial position and audited statements

Chapter ❺ Appendices and references213

 Guides to this report and additional information

Breaking the business of serious and organised crime

Snapshot of how we reduced organised crime threats in 2015–16



28,133 reports, alerts and intelligence products shared with 176 agencies

- 2,618 analytical and tactical products
- 25,515 automated alerts on significant criminal targets



159 intelligence products related to entities threatening national security, foreign fighters, terrorism financing and vulnerabilities in the aviation sector



202 coercive examinations improved national understanding of serious and organised crime



More than **600** intelligence products on outlaw motor cycle gangs, provided to more than 50 agencies in support of multiple investigations



20 joint operations and investigations



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



65 disruptions to criminal entities



\$104.87 million worth of assets restrained



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



289 people arrested on 909 charges



52 people convicted



79% of stakeholders surveyed agreed we create a **national picture** of serious and organised crime



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

Snapshot of our people and financial results in 2015–16



595 staff and 25 secondees from partner agencies



84.5% retention rate



2,550 training and development opportunities



8 offices around the country



49.08% women
50.92% men



4 analysts deployed overseas, with 3 more deployments planned for our expanded international footprint

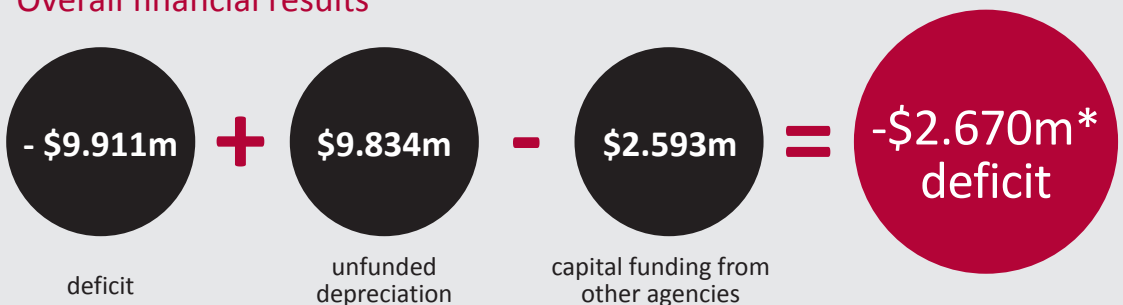


Successfully prepared our workforce and organisation for the merger with CrimTrac to create the new Australian Criminal Intelligence Commission from 1 July 2016

\$92.230 million appropriation



Overall financial results



* The ACC had received prior approval from the Minister for Finance to incur a loss of \$3.545 million.

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





Chapter 1

Agency overview

About us	page 8
Our context and stakeholders	page 11
Our evolving organisation	page 12
Our financial position	page 15
Organised crime: the challenges	page 16
CEO's review	page 17
Our outcome and program structure	page 24
Our priorities in 2015–16	page 25

About us

Our role

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 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 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 functions

To reduce serious and organised crime threats, we:

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

Our values

- **Integrity**—We are honest, ethical and transparent.
- **Accountability**—We take responsibility for our actions.
- **Innovation**—We are committed to leading-edge development of our people, products and processes.
- **Courage**—We undertake our work with courage and commitment and deliver objective advice without fear or favour.
- **Empowerment**—We encourage teamwork, communication, consultation and diversity.

Our structure

We are a Commonwealth statutory body. In 2015–16 we worked from eight locations around the country, grouped into three directorates. See details from page 118.

High-level organisational structure as at 30 June 2016



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.
- *International collaboration/footprint*—We work in collaboration with other international networks and have deployed ACC officers to countries of strategic importance in our efforts to counteract serious and organised crime threatening Australia.
- *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 595 staff, supplemented by 25 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 176 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 137.

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 and to optimise federated law enforcement data and intelligence.

Our evolving organisation

Establishing a national approach to nationally significant crime

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 Australian Crime Commission (ACC) was established under the *Australian Crime Commission Act 2002*. This replaced and combined the intelligence and 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.

'Following the money' to disrupt serious and organised crime

By 2005, we had sharpened our focus on money laundering and financial data analysis. This strategy of following the money and working with partners to confiscate criminal assets has proven successful in disrupting serious and organised crime.

Establishing our niche

After a period of reflection and consultation with our stakeholders, we identified that we could maximise the impact on serious and organised crime by adding value to our partners' work, as a national focal point. We developed an operational strategy and aligned our organisational structure accordingly—to be a conduit for criminal intelligence across the country and lead or collaborate on investigations, where our unique capabilities help achieve results that would otherwise not be possible by any agency acting alone.

Fusing disparate intelligence to inform the national picture

In 2009 we developed the first Organised Crime Threat Assessment, contributing to the Commonwealth Organised Crime Strategic Framework.

The ACC-led Criminal Intelligence Fusion Capability, launched in 2010, brought together specialists, tools and data from 20 Commonwealth, state and territory agencies. The fusion approach is now embedded across all our work.

Sharing information to strengthen the national response

In 2011 we published a detailed *Organised Crime in Australia* report, as part of our efforts to share more public information about serious and organised crime and the impact on the wider community. We produce this unclassified report every two years.

In 2012, legislative changes enabled us to share more information with the private sector to prevent and detect crime, and to collect intelligence about criminal offences. We were instrumental in developing the Australian Criminal Intelligence Model and Strategy in 2012, supporting a collaborative, national approach to criminal intelligence that is collected once and used often for maximum benefit.

Delivering high-end operational intelligence nationally and internationally

We intentionally positioned the agency to use our collective capabilities to deliver high-end focused intelligence leads and packages to our national and international partners.

We achieve this through collecting and analysing criminal information, holding coercive examinations, surveilling criminals, cultivating human source informants, conducting controlled and undercover operations, and investigating criminals nationally and internationally.

Most of our investigations and intelligence efforts are executed in conjunction with our national and international law enforcement partners.

Developing capability now and into the future

In 2014, we developed our underpinning ‘discover, understand, respond’ approach as articulated in our strategic plan. We started strengthening our international, cyber and financial capabilities to fight serious and organised crime.

In November 2015 all Commonwealth, state and territory ministers on the Law, Crime and Community Safety Council noted the significant law enforcement and national security benefits that would be achieved through closer collaboration between CrimTrac and the ACC, and the government subsequently introduced legislation to give effect to the merger of our two organisations. We worked closely with our colleagues at CrimTrac throughout 2015–16 on the planned merger, which took effect from 1 July 2016.

The government also plans to merge the ACC with the Australian Institute of Criminology, given the benefits of combining resources to provide law enforcement and justice agencies with central access to a consolidated and comprehensive criminal research and intelligence resource. In July 2015, our CEO was appointed acting Director of the Australian Institute of Criminology and in October 2015 staff transferred to the ACC under a Machinery of Government process. Legislative amendments are required to facilitate the merger of the Australian Institute of Criminology into our agency.

Starting a new chapter

In May 2016, the Australian Parliament passed legislation to bring the ACC and CrimTrac together as the Australian Criminal Intelligence Commission, operational from 1 July 2016.

Our new agency, along with the research capability of the Australian Institute of Criminology, will deliver greater access and connectivity to criminal data and intelligence, as well as new capabilities to provide our law enforcement partners with more up-to-date and complete information.

Together, we will be working towards a safer Australia that is better connected, better informed and more capable in responding to crime and criminal justice issues—realising our mission *to make Australia safer through our improved ability to discover, understand and respond to current and emerging threats and criminal justice issues*.

As Australia's national criminal intelligence agency with investigative, research and information delivery functions, we will build on strong foundations of the preceding organisations.

We look forward to continuing to work with our partners to enhance the national picture of crime across the spectrum, as we harness and strengthen our unique capabilities to ensure Australia can prevent, detect and disrupt significant threats with increasing momentum.



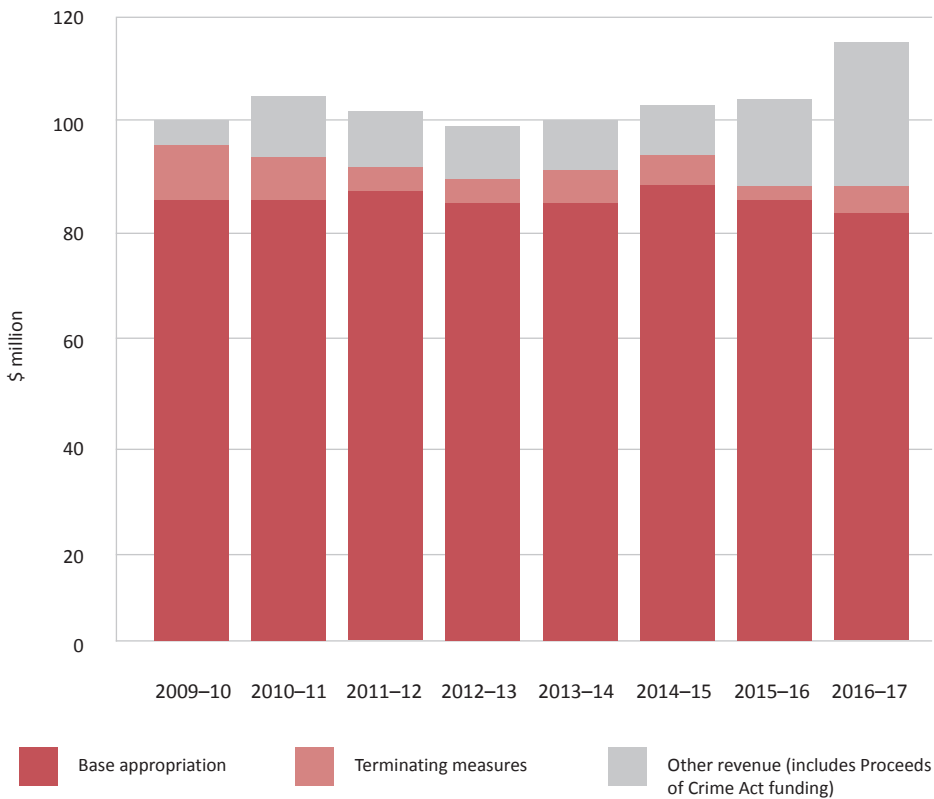
The foyer of our new Canberra Headquarters building.

Our financial position

In 2015–16, the ACC recorded a deficit of \$9.911 million. Apart from unfunded depreciation of \$9.834 million, the ACC's reported result was a deficit of \$0.077 million. This includes \$2.593 million capital funding received from other agencies for capital investment. Excluding the capital funding, the ACC realised a deficit of \$2.670 million for the financial year. The ACC had prior approval to incur a loss of \$3.545 million.

See *Chapter 4: Financial performance* for our full financial overview and audited financial statements.

Revenue trend 2009–16



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. We also support our partners in identifying previously unknown individuals and groups including domestic terrorism threats from ‘lone actors’.
- **Destructive, pervasive and complex**—Serious and organised crime now touches the lives of Australians in unprecedented ways. For example, investment fraud, card skimming, online identity theft, the devastating health and social impacts of illicit drug use, the dangers of suburban clandestine laboratories, infiltration of legitimate business, lost taxes, the impact on share markets and investors, and the erosion of public trust.
- **Big business**—We estimate that organised crime cost Australia \$36 billion in 2013–14. This includes \$21 billion in direct serious and organised crime costs and \$15 billion in prevention and response costs. 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.
- **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 technology and 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. Organised crime groups also use increasingly sophisticated technologies to counter law enforcement efforts.
- **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

The past 12 months represent a major milestone for the ACC—a watershed year when we closed one chapter in the history of our agency and prepared for the next.

During the year, we worked closely with our colleagues on plans to merge the ACC, CrimTrac and the Australian Institute of Criminology. This planned amalgamation of national criminal research, crime and justice information sharing systems, and criminal intelligence and investigative functions under one banner will represent a significant development in the fight against emerging criminal and national security threats. Our new agency, the Australian Criminal Intelligence Commission, combining CrimTrac and ACC, began operating from 1 July 2016.

In this last ACC annual report it is therefore timely to reflect on our successes leading up to this powerful merger, and outline our vision for the future.

Expanding our international reach

Overseas deployments

Serious and organised crime is borderless. Most of Australia's serious and organised criminal threats are based offshore or have strong offshore links. This means international relationships are increasingly critical to our work. During 2015–16 we deployed ACC analysts to countries of strategic importance in our efforts to counteract transnational crime threatening Australia. We now have officers in Hong Kong, Dubai and the United States, with upcoming deployments to Canada, Europe and New Zealand. We work in collaboration with other international networks including those of the Australian Federal Police, the Australian Transaction Reports and Analysis Centre (AUSTRAC) and the Australian Department of Immigration and Border Protection. Our offshore deployments will increase information and capability exchange on organised criminal activity such as trafficking of illicit commodities, money laundering and cybercrime.

International money laundering

Reflecting our expanding footprint, this year our work contributed to two major international money laundering disruptions, with one person in Europe and the other in the United States now facing charges related to laundering hundreds of millions of dollars.

Our intelligence reveals the growing role of specific international money laundering hubs and key individuals and syndicates suspected of controlling the illicit movement of money out of Australia and around the globe. As a result, in September 2015, the ACC Board approved the Eligo 2 National Task Force. Eligo 2 expands on the work of the original ACC-led Eligo National Task Force, to focus on high priority international money laundering operators, as well as domestic operators, who have the potential to seriously affect Australia's national economic wellbeing. Our original Eligo partners—the Australian Federal Police, AUSTRAC and state and territory police—are now joined by international agencies including the Royal Canadian Mounted Police, United Kingdom National Crime Agency, United States Drug Enforcement Administration, United States Federal Bureau of Investigation, United States Immigration and Customs Enforcement, and New Zealand Police.

Outlaw motor cycle gangs

This year we deployed intelligence analysts to support several national and international operations targeting outlaw motor cycle gangs (OMCGs). These highly visible crime entities have a presence in all Australian states and territories and an expanding presence overseas.

This year, through Operation Morpheus we worked with our partners to target OMCGs using both traditional and non-traditional methods including through executing warrants on club houses, investigating tax and welfare payments, investigating facilitators of serious and organised crime—such as lawyers and accountants who assist OMCGs—and monitoring business activities and travel movements. In 2015–16 Morpheus results included 1,076 arrests and more than 384 search warrants, seizing illicit drugs, firearms and ammunition, vehicles and cash.

Through the ACC-led Australian Gangs Intelligence Coordination Centre (AGICC), we were involved in monitoring international travel movements of OMCG members, in particular working with our New Zealand counterparts. We also contributed to the production of 628 intelligence products.

In addition, the Australian Government's strategy of refusing or cancelling visas for individuals who fail the 'character test', and represent a risk of engaging in criminal activity in Australia, has resulted in more than 100 individuals having their visas cancelled. This includes Rebels Motorcycle Club national president, Alex Vella who was the first OMCG member to have a visa cancelled on character grounds, following a trip to his home country of Malta in mid-2014. The strategy is a strong example of how government agencies are working together and thinking globally to achieve results.

Building the national picture of criminality

The changing nature of criminal and national security threats poses an ever-increasing challenge for both law enforcement and intelligence agencies. Criminal threats are becoming more complex and pervasive than ever before. Timely access to the right information and intelligence is fundamental to prevention, detection and prosecution of crime.

Our strategic intelligence products inform and influence decisions about the national response to serious and organised crime. For example, we released our latest biennial, classified *Organised Crime Threat Assessment* in June 2016. This report covers the risk posed to Australia by serious and organised crime, and describes illicit markets and enabling activities.

Other flagship reports, such as our *Illicit Drug Data Report* and *National Criminal Target Report*, add to and update the national picture. We also provide our partners with strategic insights products and strategic assessments on topical issues and threats, as well as operational analysis, intelligence briefs and issues reports.

In addition, our range of tactical products and alerts inform more immediate operational responses.

In total this year, we produced more than 28,000 reports, alerts and intelligence products.

Counting the costs of serious and organised crime

In December 2015 we released our first report detailing the costs of serious and organised crime in Australia—estimated to be at least \$36 billion a year. That is \$1,561 out of every Australian's pocket, and adds 6.3 per cent to the average cost of living.

This is the first time we have done such detailed work to measure the costs of serious and organised crime as well as prevention and response costs. It improves national understanding and provides decision-makers with an evidence base and insight into the magnitude of the impact on our community and economy.



Targeting significant threats

Cybercrime

Cybercrime poses a considerable threat to Australian businesses, governments and individuals. The cybercrime threat from international and domestic organised crime groups is increasingly complex and will grow over the coming years.

Strong cyber security is fundamental in our modern global economy. We are expanding our cybercrime intelligence capacity, with an additional \$16 million over four years, as part of Australia's Cyber Security Strategy released in April 2016. This will greatly enhance our ability to detect, understand and respond to the cybercrime threats targeting businesses and the community. In addition to our operational work on cybercrime, we are also responsible for the administration of the Australian Cybercrime Online Reporting Network (ACORN). We refer incident reports to the relevant police agencies, contributing to a more comprehensive national picture of the cybercrime issues affecting Australians. Once again, online scams or fraud accounted for close to half the issues reported to ACORN.

Terrorism

As part of the national effort against terrorism, we complement the activities of national security and law enforcement agencies by collecting intelligence and supporting counter-terrorism and serious and organised crime investigations. We improve understanding of the evolving threat posed by foreign fighters, terrorism financing, and links with serious and organised crime. We also support our partners in identifying previously unknown individuals and groups including domestic terrorism threats from 'lone actors'. This reporting year, we focused on methodologies used to financially support foreign incursion activity. Overall, our work in this area significantly increased knowledge and understanding of the involvement of Australian citizens and their experiences in foreign incursions in relation to national security, gaining valuable insights into links with criminality, travel, weaponry, identity theft and terrorist activities.

Serious fraud and financial crime

Throughout the year, we developed targets and generated leads for action against serious financial crime, as part of our critical role in the multi-agency Serious Financial Crime Taskforce. The Government established this taskforce when funding for the cross-agency Project Wickenby came to an end. Wickenby had successfully targeted tax evasion and crime for a decade, auditing more than 4,000 offshore scheme cases, raising more than \$2 billion in revenue and obtaining more than 44 criminal convictions. The new taskforce aligns the priorities and resources of Commonwealth law enforcement and regulatory agencies to target the highest risk priorities, through an intelligence-led approach.



Illicit drug use

As well as tackling new and growing crime threats, we continue to combat traditional threats such as illicit drug trafficking. Following recommendations in the final report of the National Ice Taskforce, we are now collaborating on a \$3.59 million project to establish a national Waste Water Analysis program. This funding has been provided by the Australian Government from confiscated proceeds of crime. The project will measure use of drugs in large sections of the Australian population. For several years, we have been involved in and advocated for waste water analysis as a more objective method to determine actual levels, type and location of drug use. The National Ice Taskforce was formed after our report last year shone a spotlight on the Australian methylamphetamine market, including the increasing availability of ice and the involvement of serious and organised crime. Our report laid the groundwork for a collective national response. This year, we continued to support the National Ice Taskforce in developing the new National Ice Action Strategy, which was approved by the Council of Australian Governments (COAG) in December 2015.

Disrupting organised crime activities

During 2015–16 our ‘discover, understand, respond’ approach once again proved effective in detecting, preventing and disrupting serious and organised criminal activities.

Our intelligence and investigative activities led to disrupting 65 criminal entities, seizing illicit drugs with a combined estimated street value of more than \$1.81 billion (including a record seizure of more than 320 kilograms of ice in Perth), taking 61 illegal firearms off the streets, seizing more than \$12.59 million in cash and restraining another \$104.87 million in assets.

A total of 289 people were arrested on 909 charges, and 52 people were convicted of charges ranging from illicit drug offences to money laundering.

We participated in 20 joint operations and investigations and conducted 202 coercive examinations to improve national understanding of issues including cybercrime, current and emerging national security impacts from serious and organised crime, money laundering typologies, visa and migration fraud and techniques used by illicit drug traffickers in an attempt to evade Australia’s border control.

A total of 65 new targets were added to the National Criminal Target List in 2015–16.

Developing a new national criminal intelligence system

To achieve these operational results, we collect, collate, analyse and share ever increasing amounts of data. In the past 12 months, we took a significant step towards replacing the 30-year-old criminal intelligence database that underpins this vital aspect of our work.

This year we began work on National Criminal Intelligence System (NCIS) Pilot Program. It will deliver a federated intelligence and information sharing platform for collaboration and intelligence sharing with partners, common and improved analytical tools, near real-time monitoring, deconfliction, alerts and indicators, and effective management tools to support activities such as tasking and reporting.

Once fully developed, NCIS will connect existing systems and help develop intelligence across the spectrum, from volume crime through to serious and organised crime and national security—enabling better informed responses, improved community safety and crime prevention. The NCIS Pilot Program began in July 2015 and runs for two years. It includes proof of concept activities, with additional funding required to complete the development of the full NCIS.

Creating a powerful new agency

In late 2015, the Australian Government stated that the ‘threat to our nation is unprecedented’ in terms of national security and criminals exploiting ‘emerging opportunities and perceived gaps in law enforcement information to facilitate their crimes and avoid detection’.

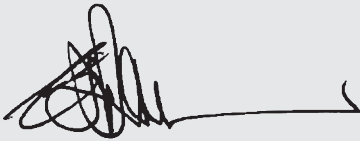
Our new agency, the Australian Criminal Intelligence Commission (ACIC), was formed from 1 July 2016 to strengthen Australia’s ability to combat this threat. The ACIC brings together the ACC and CrimTrac. Australian, state and territory governments endorsed this change, through the Law, Crime and Community Safety Council. Further legislative amendments are required to facilitate the merger of the Australian Institute of Criminology (AIC) into the ACIC. Bringing the three agencies together creates more powerful opportunities to inform and influence the ways in which Australia responds to crime and criminal justice issues, through the unique combination of national criminal intelligence, investigative, research and information delivery functions.

During the year, we devoted considerable time and effort to working with Minister the Hon Michael Keenan MP, the Commonwealth, state and territory governments, the Boards of CrimTrac and the ACC, and the AIC’s Criminology Advisory Research Council, to plan and prepare for this merger. We developed a strategic plan and organisational structure for the new agency, and we moved our headquarters into Canberra’s parliamentary triangle. More than just a symbolic co-location, this will be fundamental to creating a healthy and productive culture in our new agency, to work in unison. An internal Transition Team and many staff and stakeholders provided dedicated and enduring effort to collaborate in this significant achievement.

The formation of the ACIC would not have been possible without this solid team effort. I particularly thank the CEO of CrimTrac, Ms Nicole Rose PSM, for her untiring leadership in supporting me through protracted negotiations, and the Chairs of the ACC and CrimTrac Boards, together with all Board members, for their strategic decision-making in realising this vision.

Our collective expertise will come together to make Australia safer through improved national ability to discover, understand and respond to current and emerging crime threats and criminal justice issues, including the ability to connect policy and law enforcement to essential policing knowledge and information. For example, ACC work identifying illicit drugs issues (such as last year's methylamphetamine report and our annual statistical illicit drugs overview) together with initiatives like the waste water research to more accurately identify drug use levels, dovetail with the Australian Institute of Criminology's ongoing drug use and monitoring research. Similarly, the ACC's work to build on and inform understanding of illicit firearms in the community, and the vulnerabilities of the licit and illicit firearms markets, as well as our firearms tracing capability, complements CrimTrac's National Firearms Identification Database and Australian Ballistics Information Network, as well as the Australian Institute of Criminology's varied research into firearms, such as firearms-related deaths in Australia.

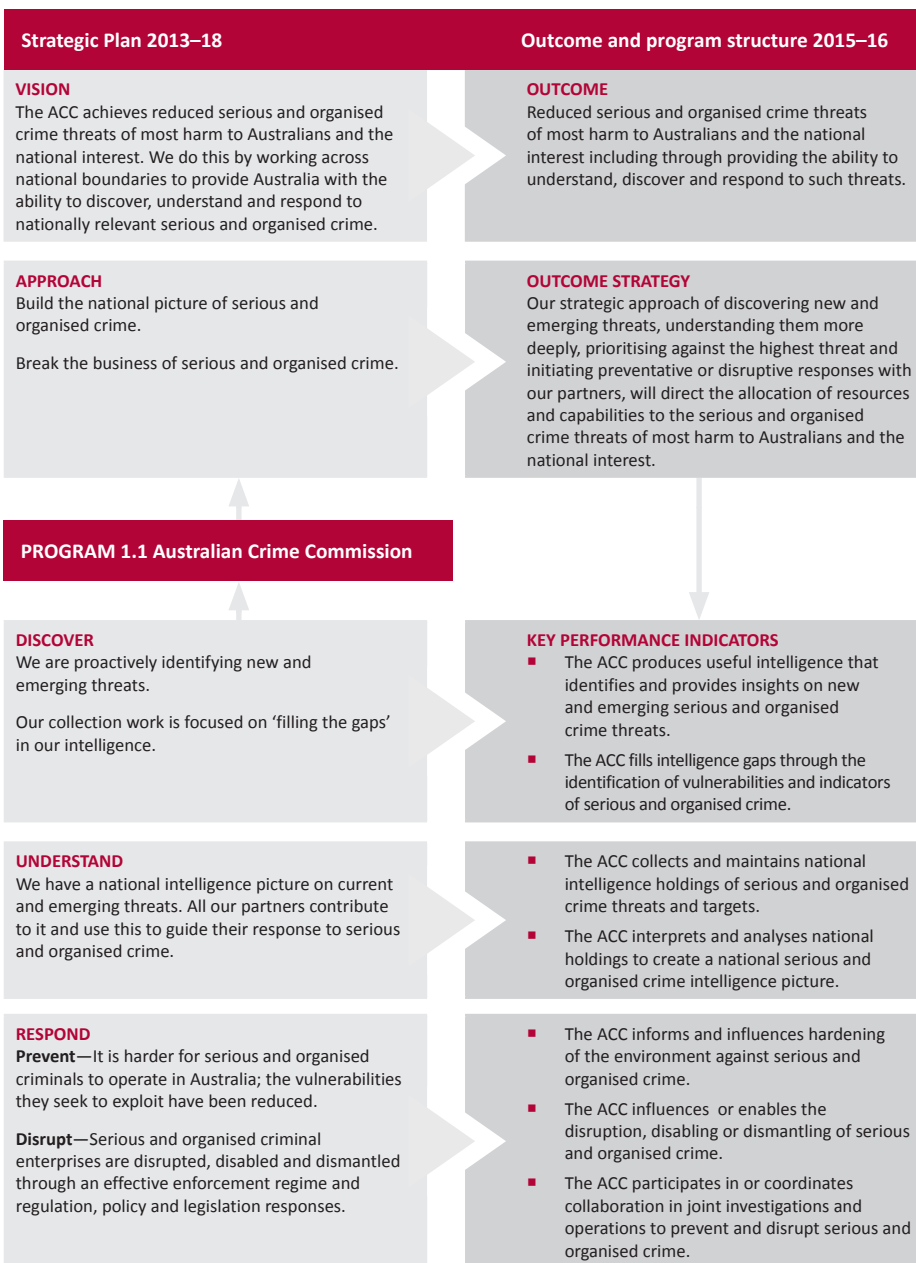
I would like to thank the leadership and staff across all three agencies for their vision, dedication and hard work throughout the year. We look forward to the renewed energy, focus and momentum created by working together towards our common goal of a safer Australia that is better connected, informed and capable of responding to crime and criminal justice issues.



Chris Dawson APM
Chief Executive Officer
Australian Criminal Intelligence Commission
(formerly the 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 2015–16 outcome and program structure is summarised below along with the relationship to our *Strategic Plan 2013–18* and *Corporate Plan 2015–19*. Unedited excerpts of the relevant sections of the PBS are at Appendix B. Our strategic plan and corporate plan, and a link to our PBS, are at <www.acic.gov.au>.




Our priorities in 2015–16

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.

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

- **Tackling criminal profit**—We gathered intelligence and investigated money laundering, unexplained wealth and proceeds of crime, and serious financial crime through our Targeting Criminal Wealth No. 2 Special Investigation and associated national task forces.
- **Tackling highest risk criminals**—We gathered intelligence and investigated Australia’s highest threat organised criminal targets through our work under our Highest Risk Criminal Targets No. 2 Special Investigation and associated state-based special investigations in Victoria and South Australia.
- **Tackling criminal gangs**—We responded to the outlaw motor cycle gang threat through the ACC-hosted Australian Gangs Intelligence Coordination Centre, our Outlaw Motor Cycle Gangs Special Operation and associated national task forces.
- **Informing responses to Australia’s illicit drug markets**—We contributed to an increasingly holistic understanding of Australian illicit drug markets through intelligence developed under our High Risk and Emerging Drugs No 2. Special Operation.
- **Contributing to national security**—We contributed to the whole-of-government response to national security threats through intelligence developed under our National Security Impacts from Serious and Organised Crime No. 2 Special Operation, focused on counter-terrorism in response to Islamist extremism and intelligence support for Australian border security.
- **Making Australia a more hostile place for serious and organised crime**—We helped make Australia a more hostile place for serious and organised crime by developing intelligence on threats such as:
 - cybercrime and firearms, through our Making Australia more Hostile to Serious and Organised Crime No. 2 Special Operation
 - child sex offences and organised paedophilia, through our Child Sex Offences No. 2 Special Operation
 - wildlife and environmental crime, through our Wildlife and Environmental Crime Team.

For details, see *Chapter 2: Annual performance statement*.

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

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

Chapter 2

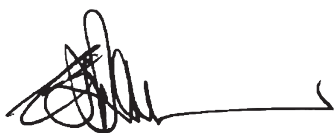
Annual performance statement

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

Statement of preparation

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

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



Chris Dawson APM

Chief Executive Officer

Australian Criminal Intelligence Commission
(formerly the Australian Crime Commission)

2015–16 performance scorecard

Intended outcome and objective

Our Portfolio Budget Statement 2015–16 outcome is: *Reduced serious and organised crime threats of most harm to Australians and the national interest including through providing the ability to understand, discover and respond to such threats.*

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

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

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

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

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

Identifying a measurable basis for performance assessment

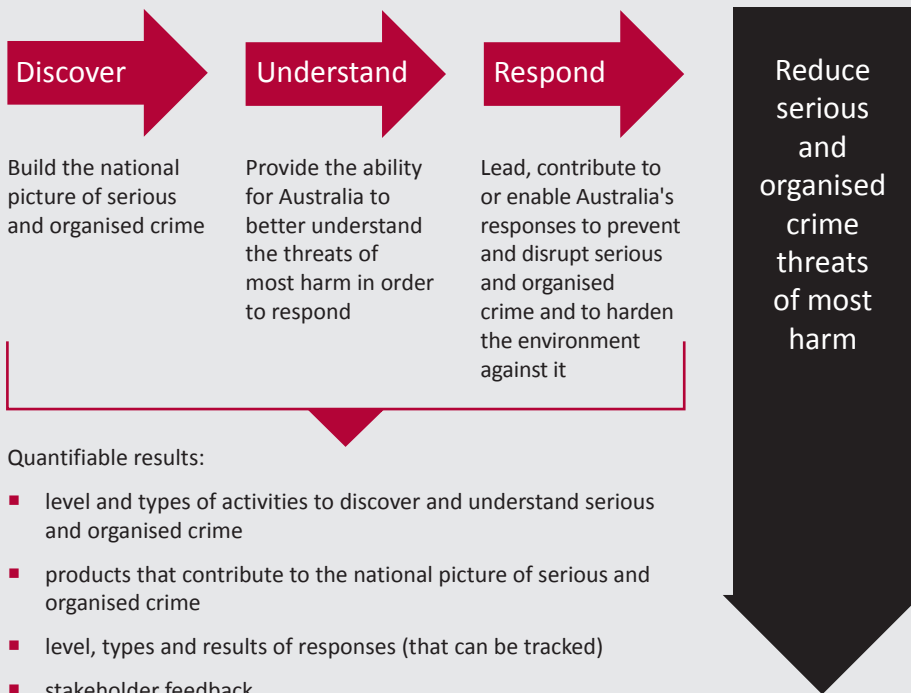
Our key performance indicators (KPIs) enable us to apply a range of qualitative and quantitative measures to assess progress towards our purpose.

Our quantifiable results include:

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

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

What we do and how we measure our success



Our 2015–16 scorecard

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

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


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

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

Performance scorecard against KPIs 2015–16

DISCOVER


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

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

Performance scorecard against KPIs 2015–16 (continued)


DISCOVER (continued)

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

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

UNDERSTAND

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

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

Performance scorecard against KPIs 2015–16 (continued)

UNDERSTAND (continued)

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

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

UNDERSTAND (continued)

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

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

Performance scorecard against KPIs 2015–16 (continued)

UNDERSTAND (continued)

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


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

138


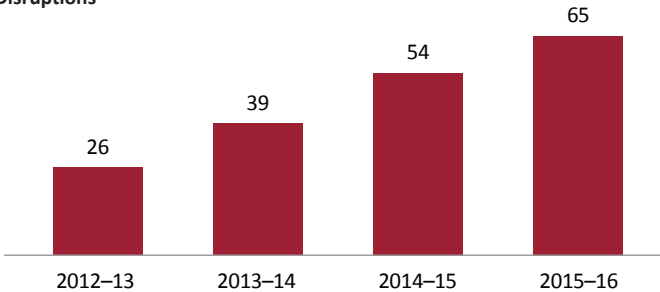
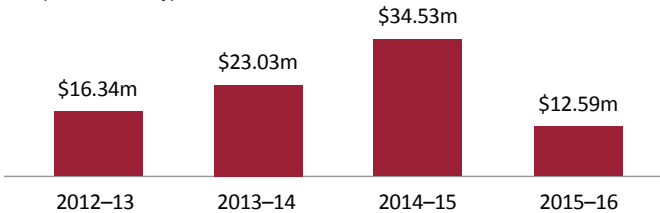
RESPOND

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

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

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

Performance scorecard against KPIs 2015–16 (continued)

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

RESPOND (continued)

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

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


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

Performance scorecard against KPIs 2015–16 (continued)

RESPOND (continued)

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

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

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

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

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

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

Snapshot of intelligence products and advice in 2015–16



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

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



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



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



25,515 automated alerts on significant criminal targets



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



12 strategic assessments of crime types, markets or criminal issues



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

2A Our intelligence products and advice

Aim: Build the national picture of serious and organised crime

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

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

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

Result: More informed responses

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

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

Flagship publications

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

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

Organised Crime Threat Assessment

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

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

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

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

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



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

Department of Agriculture and Water Resources

Organised Crime in Australia

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

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

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

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

National Criminal Target Report

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

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

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

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

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

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

Illicit Drug Data Report

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

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

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

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

Organised Crime 2025

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

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

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

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

Strategic assessments and insights

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

Strategic assessments

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

In 2015–16 year we produced strategic assessments on:

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

Strategic insights

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

This year we produced strategic insights on:

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

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

National Criminal Intelligence Priorities

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

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

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

SPOTLIGHT ON...

Costs of serious and organised crime

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

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

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

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

For example, understanding the costs will help:

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



Policy submissions and advice

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

Contributing to national policy issues and responses

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

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

Developing new policy initiatives

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

We also obtained funding for new policy initiatives, including:

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

Informing reviews, national forums and international policy

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

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

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

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

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

Contributing to parliamentary inquiries

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

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

Other products

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

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

ACC intelligence and other outputs in 2015–16

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

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

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

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

Responses to requests for information

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

Intelligence products and advice scorecard 2015–16

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

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

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

Snapshot of investigations and intelligence operations work in 2015–16



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



\$59.42 million worth of assets forfeited or recovered



289 people arrested on **909** charges



\$103.92 million worth of tax assessments issued



52 people convicted



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



202 coercive examinations improved national understanding



103 previously unknown criminal entities identified



65 disruptions to criminal entities



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



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

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



\$104.87 million worth of assets restrained



41,341 reports to the Australian Cybercrime Online Reporting Network



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



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

2B Our investigations and intelligence operations

Aim: Break the business of serious and organised crime

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

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

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

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

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

Result: Reduced serious and organised crime threats of most harm

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

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

In addition, we achieved our KPIs of:

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

Tackling criminal profit

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

We tackle criminal profit through our:

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

Targeting Criminal Wealth No. 2 Special Investigation

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

Achievements—discovering and understanding

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

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

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

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

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

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

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

For example, this year we explored:

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

Achievements—responding

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

Disruptions

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

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

Prevention

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

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

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

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

Eligo National Task Force

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

Expanding international focus

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

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

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

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

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

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

Eligo outcomes

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

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

Drugs off the streets

Methylamphetamine

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

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

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

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

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



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

Western Australia Police



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

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

Cannabis

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

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

Ketamine

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

Traffickers sentenced

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

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

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

Methodologies and targets identified

Through Eligo's work this year:

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

Abuse of cheque encashment services uncovered

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

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

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

Criminal Assets Confiscation Taskforce

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

Highlights during 2015–16 include:

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

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

Overall achievements for the CACT in 2015–16 were:

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

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

CASE STUDY:

Catching an international money launderer

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

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

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

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

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


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

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

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

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

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



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

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

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

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



Serious Financial Crime Taskforce

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

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

We play a critical role in the new taskforce by:

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

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

Ongoing Wickenby outcomes during 2015–16 include:

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



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

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

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

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

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

CASE STUDY:

Global problem, global reach

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

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


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

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

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

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

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



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

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

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

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



Tackling highest risk criminals

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

We tackle the highest risk criminals through our:

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

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

Highest Risk Criminal Targets No. 2 Special Investigation

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

Achievements—discovering and understanding

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

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

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

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

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

Enhancing national understanding of serious and organised crime groups

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

Project Rosencrantz

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

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

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

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

Project Iceberg

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

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

Project Macrobust

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

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

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

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

Achievements—responding

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

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

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

State-based joint responses

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

Major drug seizure in New South Wales

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



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

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

Drugs and money laundering charges in Victoria

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

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

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

Drugs seized in Western Australia

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

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

National Criminal Target List

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

“

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

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

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

National Target System

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

Automated alerting service

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

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

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

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

Highest Risk Criminal Targets—Victoria Special Investigation

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

Achievements

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

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

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

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

Highest Risk Criminal Targets—South Australia Special Investigation

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

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

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

Tackling criminal gangs

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

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

We tackle criminal gangs through:

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

Outlaw Motor Cycle Gangs Special Operation

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

Achievements—discovering and understanding

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

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

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

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

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

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

Achievements—responding

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

Australian Gangs Intelligence Coordination Centre

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

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

This year the AGICC:

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

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

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

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

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

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

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

Gangs Intelligence Hub

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

National Gangs List

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

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

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

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

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

Standardised definition of OMCGs

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

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

National Task Force, Operation Morpheus

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

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

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

In 2015–16 Morpheus achievements included:

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

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

Outlaw Motor Cycle Gangs Special Operation performance scorecard 2015–16

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

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

Informing responses to Australia's illicit drug markets

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

We do this through our:

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

High Risk and Emerging Drugs No. 2 Special Operation

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

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

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

During 2015–16 we focused on:

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

Achievements—discover and understand

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

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

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

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

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

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

Heroin in Australia

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

CASE STUDY:

The national response to the methylamphetamine market—an ongoing journey

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


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

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

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

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

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



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

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

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



Achievements—respond

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

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

Better drug data through waste water analysis

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

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

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

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

Methylamphetamine market

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

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

Poly-drug use and trafficking

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

Innovative drug manufacturing techniques

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

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

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

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

Illicit/non-medical use of pharmaceuticals

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

During 2015–16, we:

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

Organised crime threats to sport

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

SPOTLIGHT ON...

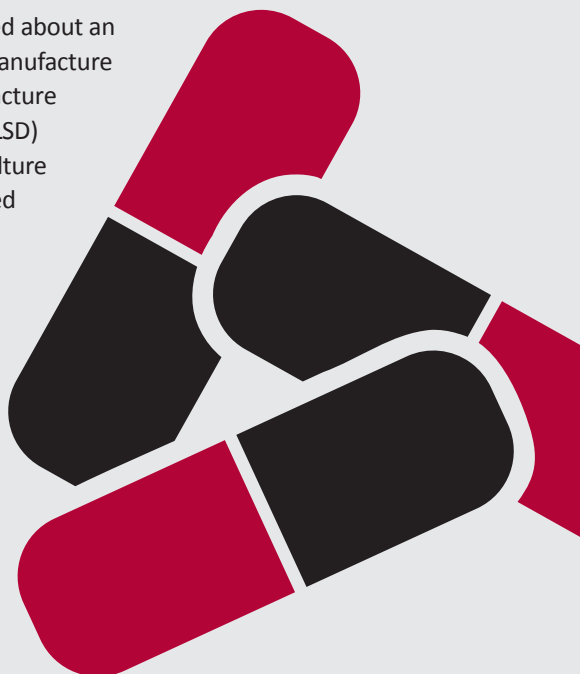
Australia's complex illicit drug markets

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

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

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

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



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

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

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

Contributing to national security

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

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

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

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

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

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

Achievements—discover and understand

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

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

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

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

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

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

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

Achievements—respond

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

National effort to combat foreign fighters

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

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

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

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

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

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

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

National Intelligence Coordination Committee

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

National security relationships

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

Making Australia a more hostile place for serious and organised crime

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

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

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

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

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

Achievements—discover and understand

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

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

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

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

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

Cybercrime

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

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

International Cyber Crime Coordination Cell (IC4)

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

Australian Cyber Security Centre (ACSC) annual conference

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

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

Australia's Cyber Security Strategy launch

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

Australian Cybercrime Online Reporting Network (ACORN)

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

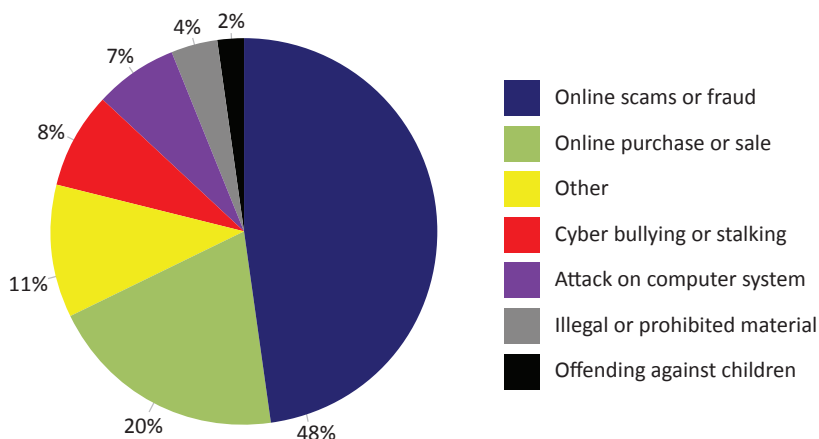
This significant initiative grew from the realisation that there was a lack of public awareness about how and where to report cybercrime incidents. It centralises and improves cybercrime reporting in Australia—supporting law enforcement to better combat the growing threat of cybercrime.

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

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

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

Types of incidents reported to ACORN in 2015–16



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

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

Visa and migration fraud

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

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

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

Illicit firearms

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

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

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

Encrypted communications

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

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

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

Virtual currencies

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

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

Offshore unregulated bookmaking

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

Public sector corruption

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

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

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

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

Wildlife and Environmental Crime Team

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

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

Aim

Our team aimed to:

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

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

“

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

Queensland Department of Environment and Heritage Protection

2B

OUR INVESTIGATIONS AND INTELLIGENCE OPERATIONS

Achievements

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

Under Project Skywatch our team:

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

Under Project Corktree our team:

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

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

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

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

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

Feedback

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

“

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

Queensland Department of Environment and Heritage Protection

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

“

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

Western Australian Department of Parks and Wildlife

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

“

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

Australian Department of Agriculture and Water Resources

2B

OUR INVESTIGATIONS AND INTELLIGENCE OPERATIONS

Other strategic intelligence helping to prevent organised crime

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

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

Organised crime threat to good governance

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

Potential vulnerabilities within the Emissions Reduction Fund

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

Counterfeit food in Australia

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

Child Sex Offences No. 2 Special Operation

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

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

We used our coercive powers to:

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

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

Snapshot of national criminal databases in 2015–16



222,075 searches of ACID



1,815 active users of ACID



285,076 uploads to ACID



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



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

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



Halved power consumption for ALEIN with infrastructure and hardware upgrade

2C Our national criminal databases

Aim: Maintain national databases of criminal information and intelligence

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

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

Result: More informed and effective responses

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

Australian Law Enforcement Intelligence Network

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

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

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

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

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

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

Australian Criminal Intelligence Database

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

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

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

Activities this year

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

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

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

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

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

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

CASE STUDY:

NCIS: improving the ability to share information and intelligence

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

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

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

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

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

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

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



Violent and Sexual Crime Database

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

National Clandestine Laboratory Database

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

National Criminal Intelligence System

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

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

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

Looking forward

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

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

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

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

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

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





Chapter 3

Management and accountability

Snapshot of our management, accountability and people	page 116
Context	page 117
Internal governance	page 117
External scrutiny.....	page 146
Our people	page 158
Ecologically sustainable development.....	page 173

Snapshot of our management, accountability and people in 2015–16



595 staff and 25 secondees from partner agencies



8 offices around the country



2,550 training and development opportunities



4 analysts deployed to the United States, Hong Kong and Dubai



49.08% women
50.92% men



3 more deployments planned to Canada, Europe and New Zealand



84.5% retention rate



7 Commonwealth Ombudsman inspections, no recommendations



Successfully prepared our workforce and organisation for the merger with CrimTrac to create the new Australian Criminal Intelligence Commission from 1 July 2016

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

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.

Note, from 1 July 2016 the ACC and CrimTrac merged to become the Australian Criminal Intelligence Commission.

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

On 30 June 2016, our senior executive team comprised the CEO, three Executive Directors, eight National Managers and seven State Managers.



Members of our senior executive team

Organisation structure as at 30 June 2016



Chief Executive Officer | Chris Dawson APM

Chris Dawson was appointed by the Governor-General as the ACC's Chief Executive Officer on 28 April 2014.

Following a Machinery of Government change in October 2015, Mr Dawson has also concurrently been Director of the Australian Institute of Criminology.

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. He was State Commander for the 2011 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.



A/g Executive Director, Operations | Col Blanch

Col Blanch joined the ACC in 2005 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. He went on to head the ACC task forces Galilee and Eligo, and held the role of State Manager, Victoria. 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 ACC investigations and intelligence operations, and our intelligence products development, as well as overseeing State Managers.



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) and is also a Churchill Fellow and a Williamson Fellow. In 2008, Mr Grant was awarded the Australian Police Medal for service to policing.



Mr Grant's major responsibilities include overseeing task forces and developing and implementing strategies to deliver against 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 managed the ACC-led National Criminal Intelligence Fusion Capability, the Australian Gangs Intelligence Coordination Centre, the ACC's work to combat foreign fighters and our contributions to the Australian Cyber Security Centre.

Dr Moss left the ACC on 15 January 2016. Since his departure Tim Wellsmore, Ben Biddington and David Kimber have acted in this National Manager role.

State Manager, New South Wales | Warren Gray

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



Mr Gray is responsible for liaison with key stakeholders and overseeing ACC operations in New South Wales.

A/g State Manager, Victoria | Jason Halls

Jason Halls joined the ACC in July 2015 following a 26-year career with Victoria Police. Mr Halls was previously seconded to the ACC as a Team Leader and Manager Operations on major money laundering and drug operations before heading up the ACC Galilee and Eligo task forces. Mr Halls holds a Diploma in Police Studies and an Advanced Diploma in Police Investigations.



Mr Halls 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 33 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 as Detective Superintendent of the Serious and 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. He is also the Project Executive of the National Criminal Intelligence System Proof of Concept Evaluation Board.

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.

A/g State Manager, South Australia | Mario Armiento

Mario Armiento has worked in Commonwealth law enforcement since 1989 including with the Australian Federal Police and the former National Crime Authority. He joined the ACC in 2013.

His experience includes working in and leading intelligence and investigative teams, including multi-agency teams, responsible for investigating serious and organised criminal activity. These teams have engaged in regional, national and international investigation and criminal intelligence functions. Mr Armiento holds a Bachelor of Arts and an Associate Diploma.



Mr Armiento is responsible for liaison with key stakeholders and overseeing ACC operations in South Australia. He is also responsible for heading our Highest Risk Criminal Targets Special Investigation and Outlaw Motor Cycle Gangs Special Operation.

State Manager, Northern Territory | Andrew Pusterla APM

Andrew Pusterla is a Detective Superintendent with the Northern Territory Police, seconded to the ACC in mid-2015. Mr Pusterla has over 30 years' policing experience, primarily in investigations, intelligence and the establishment and management of specialist capabilities targeting serious and organised crime. He has a Bachelor of Policing (Investigations), Graduate Certificate in Applied Management and a Master of Leadership and Management (Policing). In 2012 Mr Pusterla was awarded the Australian Police Medal for distinguished service.



Mr Pusterla is responsible for liaison with key stakeholders and overseeing ACC operations in the Northern Territory.

State Manager, Tasmania | Matthew Osborn

Matthew Osborn is an Inspector with the Tasmania Police Service, seconded to the ACC in mid-2015. Mr Osborn has close to 30 years' policing experience across a range of disciplines including operational duties, criminal investigations, drug investigation, intelligence, forensics, business improvement and police training. Mr Osborn holds a Bachelor of Science degree, a Graduate Certificate in Management, a Graduate Certificate in Police Studies and a Graduate Certificate in University Learning and Teaching, a Masters of Police Studies and Certificates of Workplace Health and Safety and Teaching and Learning.



Mr Osborn is responsible for managing the ACC's Tasmanian Office including liaison with key stakeholders and overseeing operations in Tasmania.

Executive Director, Strategy and Specialist Capabilities | Judith Lind

Judith Lind has more than 30 years' 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 and specialist capabilities.

Ms Lind left the ACC on 29 April 2016 and Rod Jensen has acted in this Executive Director role.

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 was responsible for the delivery of the ACC's strategic intelligence outputs as well as policy, planning and governance functions. Mr Hansford also managed the government's election commitment to protect the Great Barrier Reef through the stand-up of the Wildlife and Environmental Crime Team.

Mr Hansford left the ACC on 15 January 2016. Since his departure Nathan Newman and Mardi Stewart have acted in this National Manager role.

National Manager, Legal Services | Rod Jensen

Rod Jensen joined the ACC in 2014. He has more than 25 years' legal experience including time spent as a solicitor in private practice, a period on secondment to the Royal Commission into the collapse of the State Bank of South Australia, working as a prosecutor with both the South Australian Director of Public Prosecutions and the Commonwealth Director of Public Prosecutions, and a period researching the International Criminal Court. Mr Jensen has a Masters degree in law.



Our Legal Services branch provides a range of legal services to the agency including the role of counsel assisting in ACC examinations, advice to the ACC Board and senior management, administrative and criminal law litigation, and advice on a variety of legal issues including the use of ACC powers, policy development and legislative reform.

From April to June 2016, Mr Jensen acted in the Executive Director Strategy and Specialist Capabilities role. During that time Kate Deakin acted in the National Manager, Legal Services role.

National Manager, Specialist Capabilities | Nick Wolanin

Nick Wolanin has been with the ACC since its inception in 2003. He has 30 years' experience with various Commonwealth and New South Wales state law enforcement agencies, working in the fields of investigations, intelligence, prevention, policy, education and research. Mr Wolanin's formal qualifications are in science, criminology and management, and he has held visiting or adjunct positions at the University of Technology, Sydney, Charles Sturt University and the Australian National University.



Mr Wolanin is responsible for our specialist, covert and technical operations as well as ACC compliance with statutes governing surveillance and operational activity.

Executive Director, Corporate Services | Paul Williams

Paul Williams joined the ACC in 2013. Previously Mr Williams served as a commissioned officer in the Australian Army for 23 years in Australia and offshore before joining the Australian Federal Police in 2002 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 is responsible for key enabling services including people, business support and finance.

A/g National Manager, Integrity, People and Culture | Katie Willis

Katie Willis has more than 20 years' experience working across government and academia, predominantly within the criminal justice setting. Since joining the ACC in 2012, Dr Willis has led policy and practitioner-focused operational and strategic intelligence assessments, as well as collections and analytics, including key components of the ACC-led National Criminal Intelligence Fusion Capability. Dr Willis holds a Doctor of Philosophy in Anthropology from the Australian National University.



Dr Willis is responsible for human resources, integrity assurance and leading our agency cultural reform agenda.

A/g National Manager, Information | Narelle Lovett

Narelle Lovett has more than 20 years' experience in information, technology and communications in both government and the military. Ms Lovett's experience includes data analytics and surveillance. Ms Lovett holds numerous ICT qualifications as well as a Graduate Certificate in Public Sector Management. Ms Lovett has been involved in a significant number of whole-of-government initiatives to work toward better connectivity and flow of information across government both nationally and internationally.



Ms Lovett manages information and technology systems ensuring that information is available, secure and can be exploited by the ACC and our partners. She also oversees related organisational capability strategy, solution development, and underlying technology infrastructure and support.

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 Commerce in Management Sciences and a Graduate Diploma in Professional Accountancy. Ms Whittaker joined the ACC in 2014, and immediately prior to this held the position of Chief Financial Officer with CrimTrac.



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

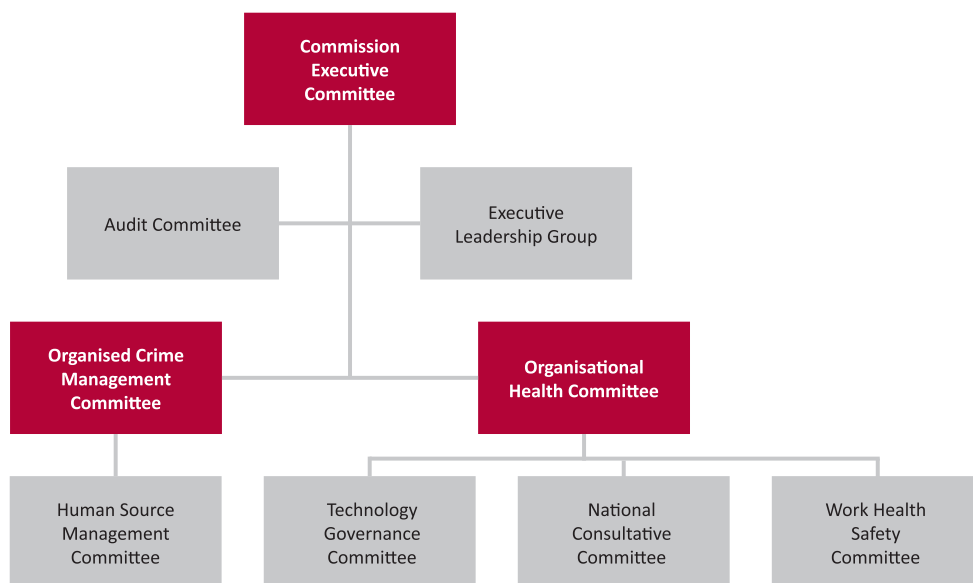
ACC Examiners

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 are currently five part-time Examiners, all of whom have extensive experience in the legal profession.

Senior management committees

Our committee structure comprises our Commission Executive Committee, 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 2016



Commission Executive Committee

The Commission Executive Committee is 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 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 three 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 also 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 135).

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 and State Managers 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 222.

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 222.

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 Culture, 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 2015–16 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. The ACC Board formally approved this plan 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.

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 page 24.

Our *Strategic Plan 2013–18* is on our website at <www.acic.gov.au>.

Corporate plan

In 2015–16 we were required to publish our first corporate plan, as defined in the *Public Governance, Performance and Accountability Act 2013*.⁴ The plan has a four-year outlook and aligns to the strategic direction set within our *Strategic Plan 2013–18*. The public document describes the environment in which we operate, how we manage risks and assess performance, and the strategies we will be delivering for the year, as well as over the four-year life of the plan.

Our *Corporate Plan 2015–19* is on our website at <www.acic.gov.au>.

Business planning system

Our business planning system translates our strategic purpose, outcome, areas of development and determinations⁵ into annual activities (see diagram on page 131). It includes:

- **ACC Corporate Plan**—This plan describes the work for the financial year and following three years. 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 branches and how they contribute to achieving the priorities identified in our ACC Corporate 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 167.
- **Risk Planning**—We regularly assess 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 141.

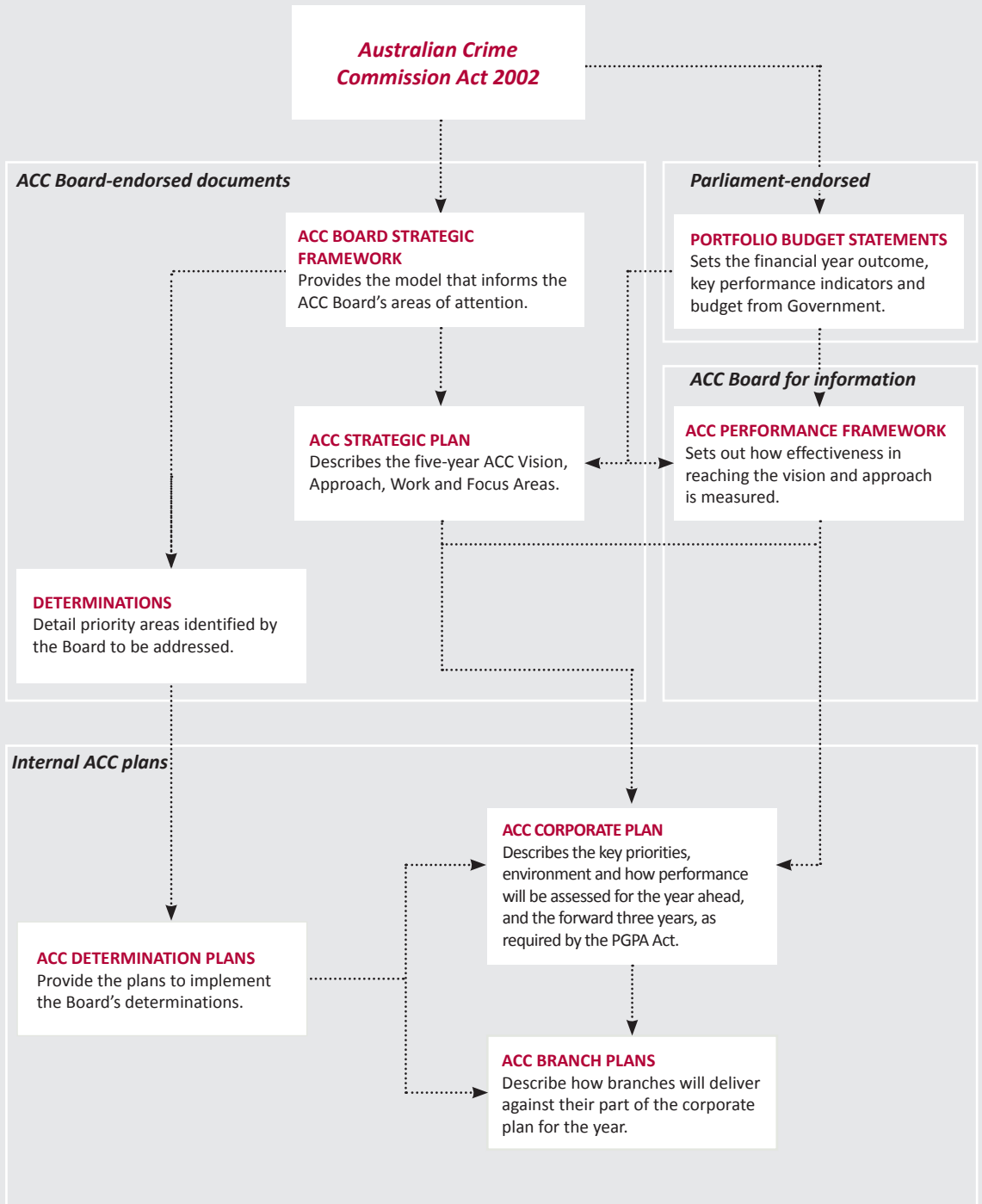
Looking forward

During the year we worked closely with the Australian Institute of Criminology and CrimTrac on plans for the proposed merger of our three organisations. Our future planning work has involved preparing for the establishment of the Australian Criminal Intelligence Agency from 1 July 2016, and developing a strategic plan that will drive future planning activities in the new year.

⁴ See <www.pma.finance.gov.au/> for more information about the *Public Governance, Performance and Accountability Act* and corporate plans.

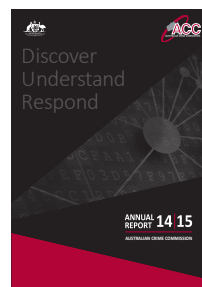
⁵ Determinations are ACC Board-endorsed priority work areas.

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 2014–15* received a Gold Award—our second Gold—in the 2015 Australasian Reporting Awards. These criterion-based awards were introduced 66 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. We were very pleased to be one of five finalists short-listed for the Annual Report of the Year award, which went to the Australian Broadcasting Corporation (ABC). This is a significant achievement for a small agency.



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, 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.

Cyber Capability Strategy

As technology, computers and the internet are now integral parts of daily life, the cybercrime threat to Australia from international and domestic organised crime groups continues to increase in complexity.

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 our agency's cybercrime capabilities. For example:

- Our role in the Australian Cyber Security Centre includes working with partners to assess and prioritise cybercrime threats affecting Australia.
- We received \$16 million over four years, as part of Australia's Cyber Security Strategy, to expand our cybercrime intelligence capability both within our agency and as part of our role within the Australian Cyber Security Centre.

- We are the administrator of, and produce reports drawing on, the Australian Cybercrime Online Reporting Network (ACORN). This multi-agency initiative enables public reporting of instances of cybercrime and is improving understanding of the size and scope of the cybercrime threat to Australia (see page 98).
- 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.
- In connection with our international capability strategy, we have deployed two analysts overseas with a specific focus on cybercrime (see International Capability Strategy on page 134).

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—nationally and internationally—to target financial crime, and disrupt related criminal activity, through the Eligo National Task Force (see page 61), the Serious Financial Crime Taskforce and the Criminal Assets Confiscation Taskforce.

A key priority during 2015–16 was to increase financial literacy and investment in our workforce to better discover, understand and respond to financial aspects of serious organised crime, financial crime and the impact on the Australian economy via the development training regime to build areas of expertise and areas for improvement in financial literacy.

This year we also continued to develop strategic intelligence products on the vulnerabilities and methodologies exploited by serious and organised crime in the financial space, including in our report, *The Costs of Serious and Organised Crime in Australia 2013–14*, which was published in December 2015. This report estimates the costs total at least \$36 billion a year and provides a breakdown by crime type as well as prevention and response costs. The \$36 billion only reflects a proportion of the total cost of serious and organised crime, as there are many elements we could not measure or could only partially measure—highlighting the importance of government and business continuing to fill gaps in existing data.

For more details, see the case study on page 49.

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 (international, financial and cyber) was the development of our international deployment program, which has now established ACC analysts in Hong Kong, Dubai and North America. This program started with the long-term deployment of an ACC analyst to the United States Drug Enforcement Administration. Another ACC analyst also commenced a two-year deployment to the United States with the National Cyber Investigative Joint Task Force-International Cyber Crime Coordination Cell (IC4).

Next year we intend for more ACC analysts to be deployed internationally to Canada, Europe and New Zealand, in support of government priorities including cybercrime and money laundering. 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 the New Zealand Police, Royal Canadian Mounted Police and United Kingdom National Crime Agency.

The FELEG's principal 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, Money Laundering Working Group and Technical Working Group. These groups are guided by the Principals (of each of these agencies) 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 also refer matters of policy and legislative reform to combat serious and organised crime on behalf of the FELEG to the Quintet of Attorneys-General.

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:

- An ACC delegate attended the 2016 Countering OMCG Conference in Bangkok, Thailand. 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 June 2016, two ACC analysts travelled to the United States for short-term deployments into IC4, a cybercrime unit of the Federal Bureau of Investigation.

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 our *Strategic Plan 2013–18* vision and approach, our *Corporate Plan 2015–19* environmental assessment, priorities, key strategies and capability plans, as well as our 2015–16 Portfolio Budget Statement outcome and performance information.

The *Public Governance Performance and Accountability Act 2013* mandates that most Commonwealth agencies must prepare an annual performance statement that assesses agency performance against their corporate plan. This year is the first time that we have been required to prepare our annual performance statement (see *Chapter 2: Annual performance statement* from page 27).

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

This framework has assisted us to more accurately reflect both our quantitative and qualitative results, as existing performance indicators and measures have evolved and new ones have been developed. This, in turn, has enabled more effective capturing and reporting of short-term and long-term, direct and indirect impacts of our activities. We have also refined the format of our performance scorecard to more clearly and effectively link analysis with the scorecard data. For details, see our *2015–16 performance scorecard* on pages 29–41.

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 achieve 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 have continued to improve and enhance our systems and capabilities to collect, assess and track our performance information and to test the viability of measures being developed for each indicator.

Looking forward, we are developing a new performance framework to reflect the functions of our new agency, following the merger of CrimTrac and the ACC to form the Australian Criminal Intelligence Commission from 1 July 2016. In developing new agency indicators and associated measures we will, as far as possible, retain consistency with the current framework to ensure we can effectively capture and analyse performance trends over time.

Stakeholder research

Survey

Our annual stakeholder research was conducted by an external market research company. This year, the quantitative online survey was distributed to a wider audience than previous years and captured feedback from 170 respondents. We asked about stakeholder satisfaction with the range of services and products we provide, to help inform future planning. The survey also included questions reflecting our key performance indicators, which form part of our performance measurement framework (see page 135).

Key findings

Research findings not directly related to our key performance indicators included:

- 55 per cent of respondents believed the ACC was very important or important in influencing their operational outcomes, and a further 30 per cent believed we were somewhat important in influencing operational outcomes
- 79 per cent of respondents either agreed or strongly agreed that our intelligence improved their knowledge and understanding of serious and organised crime issues
- 81 per cent of respondents agreed the ACC contributed valuable specialist expertise to joint agency investigations and operations
- ACC staff performed well on professionalism, knowledge, providing trusted advice and level of skill (with between 74 to 83 per cent of respondents rating staff 8 out of 10, where 10 is outstanding)
- the majority of stakeholders (84 per cent) were satisfied with the level of interaction from the ACC.

Key performance indicator results

Overall results against our key performance indicators were strong, although slightly down on the previous year. During this year and in next year's survey we will be exploring the drivers behind stakeholder perceptions of our performance against some of the key performance indicators.

For further analysis of results against our key performance indicators, see the performance scorecard from page 29.

Stakeholder survey key performance indicator results 2013–14 to 2015–16

Key performance indicator	2013–14 Agree or strongly agree	2014–15 Agree or strongly agree	2015–16 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%	85%	-3%
DISCOVER: KPI 2 The ACC fills intelligence gaps through the identification of vulnerabilities and indicators of serious and organised crime.	89%	78%	76%	-2%
UNDERSTAND: KPI 3 The ACC collects and maintains national holdings of serious and organised crime threats and targets.	96%	91%	90%	-1%
UNDERSTAND: KPI 4 The ACC interprets and analyses national holdings to create a national serious and organised crime intelligence picture.	91%	88%	79%	-9%
RESPOND: KPI 5 The ACC informs and influences the hardening of the serious and organised crime environment.	83%	78%	66%	-12%
RESPOND: KPI 6 The ACC influences or enables the disruption, disabling or dismantling of serious and organised crime entities.	83%	83%	76%	-7%
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%	83%	-2%

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

SPOTLIGHT ON...

Keeping the community informed

We provide information to the public in numerous ways as part of our commitment to being open and transparent, and because enhanced community awareness is important in combating serious and organised crime.

In 2015–16 we extended our reach into the community by establishing a social media presence, including Facebook, Twitter and YouTube accounts. These accounts have played an important role in keeping the community informed about serious and organised crime.

In the past 12 months our social media activity has included:

- 4,236 likes on Facebook and 201,344 post views
- 1,121 followers on Twitter and 6,149 profile visits
- 208 tweets viewed by 292,286 people
- 2,672 total video views on YouTube

Social media enables us to deliver messages quickly and directly to stakeholders and to engage with partner agencies online.

We also raise public awareness through traditional media coverage.

This year we distributed 37 media releases about agency developments and operational activity with our partners.

We responded to more than 200 media enquiries and had feature profiles in national, metropolitan and regional media outlets.

Media events throughout the year included the launch of *The Costs of Serious and Organised Crime 2013–14* and the launch of our new national office in Barton by the Prime Minister.



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. These risks were identified via review of documented agency risks and government advice. 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.

Key areas examined by Internal Audit during 2015–16 included: processes to engage specialist linguists; covert arrangements; implementation of key strategies; achievement of objectives for key intelligence functions; administrative activities to support operational work; and non-operational matters such as rehabilitation.

We operate a co-sourced internal audit service and contract an external provider for a small number of our audits.

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 activities, 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 2016, the Audit Committee comprised four independent external members and one member 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 in accordance with relevant legislative requirements
- reviewed the ongoing necessity for each authorised member of staff to continue to use an assumed identity
- conducted the mandatory audits of ACC records relating to assumed identities.

Risk management

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

During 2015–16 we:

- revised our corporate risk management policy and supporting procedures
- worked with CrimTrac to develop a risk management framework to support the broader remit of our merged agency from 1 July 2016 (see page 156)
- completed the Comcover risk benchmarking exercise to assess the maturity of our current risk approach and guide further development
- strengthened our management of work health safety risks, including the risks associated with our operational activities
- initiated a risk assessment of the coercive hearings function, to assess both current and potential future risks
- participated in multi-agency risk forums and consulted with partner agencies on best practice approaches to risk management.

Our Risk Function is represented on the Audit Committee and has developed a closer working relationship with Internal Audit this year. 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 of 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 2015–16, our integrity and security teams focused on:

- 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
- 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 2015–16 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 as necessary.

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, 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.

A total of 55 security incidents were reported in 2015–16, including 34 incidents within the Protective Security Policy Framework 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.

Integrity assurance

Our Integrity Assurance Team is dedicated to the prevention, detection and investigation of misconduct, fraud and corruption in the ACC. We received five internal disclosures under the Public Interest Disclosure Scheme. Two investigations were completed under the *Public Interest Disclosure Act 2013*, with both cases closed and no further action required. Three cases were officially closed as the matters raised fell within the remit of another investigation.

Misconduct

During the year the Integrity Assurance Team investigated seven referrals alleging ACC staff had breached the Australian Public Service Code of Conduct. As at 30 June 2016:

- five of the referrals were deemed not to require a formal investigation, following an assessment or preliminary investigation
- two of the referrals were withdrawn following a preliminary investigation and prior to a formal 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 2015–16, the Integrity Assurance Team did not receive any allegations of fraud. The team received two allegations of corruption. One case was referred to the Australian Commission for Law Enforcement Integrity (ACLEI) for investigation and remains open. The other case is being assessed as a preliminary investigation. We also received 10 misconduct allegations, none of which were referred to ACLEI and one of which remains open.

There were two carry-over cases from the previous reporting year: one case remains open as an ACLEI investigation and the other was referred back to the ACC for a joint investigation with ACLEI. This investigation is ongoing.

Misconduct, fraud and corruption allegations received in 2015–16

Source of report	Received	Open	Finalised	
			Unsubstantiated	Substantiated
Externally referred	2	2		
Internally referred	10		4	6
Total	12	2	4	6

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.

We are committed to
detering and **preventing**
corruption by organised
crime wherever it occurs

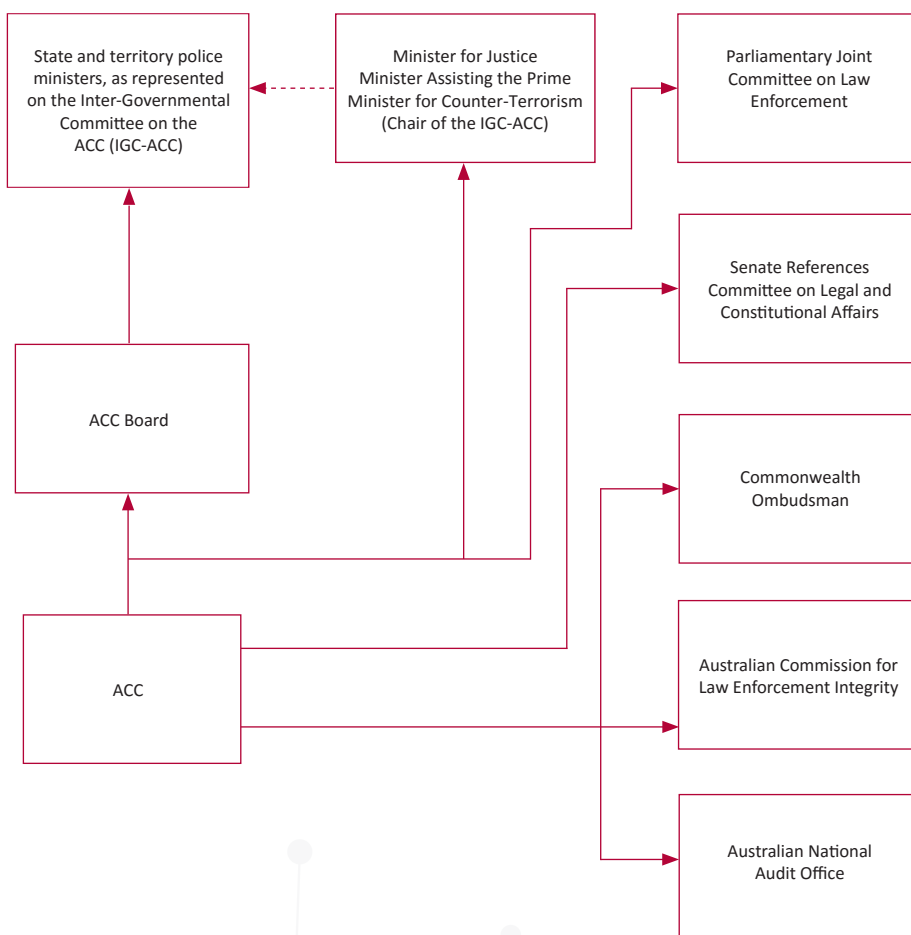
External scrutiny

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

Parliamentary committees

Throughout the year we contributed to parliamentary inquiries affecting national law enforcement capability, including:

- Parliamentary Joint Committee on Law Enforcement Inquiry into crystal methamphetamine (ice)
- Senate Economics Committee inquiry into the third party certification of food
- Parliamentary Joint Committee on Law Enforcement Inquiry into illicit tobacco.

See details on page 52.

We were not called on to appear before the Senate References Committee on Legal and Constitutional Affairs at Senate Estimates hearings during the reporting period.

We did, however, answer questions provided in writing from members of the Committee. Responses to questions on notice are available on the Committee website.



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

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.

At the dissolution of the Senate and House of Representatives on 9 May 2016 for a general election on 2 July 2016, membership of the Committee was dissolved. As at 9 May 2016, 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.

Committee membership will be reappointed at the beginning of the new Parliament.

The duties of the Committee are:

- To monitor and to review the performance by the ACC and Australian Federal Police of their functions.
- To report to both Houses of the Parliament, any matters relating to the ACC or Australian Federal Police or their performance of which the Committee thinks the parliament should be aware.
- To examine the annual reports of the ACC and Australian Federal Police and report to Parliament on any matter appearing in, or arising out of, any such annual report. Under section 7(c) of the *Parliamentary Joint Committee on Law Enforcement Act 2010* 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 Australian Federal Police.
- 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 (ICG-ACC) is established under section 8 of the ACC Act. The ICG-ACC monitors our work, and strategic direction and work of the ACC Board, including the use of coercive powers. Under certain circumstances the ICG-ACC has the authority to revoke a determination (an ACC Board-approved work priority).

The ICG-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 ICG-ACC meets twice each calendar year. This year it met on 5 November 2015 in Canberra and on 27 April 2016 in Queenstown, New Zealand, in conjunction with the Law, Crime and Community Safety Council, which comprises the ICG-ACC members and other representative from Australia and New Zealand.

The ICG-ACC 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.

At the dissolution of the Senate and House of Representatives on 9 May 2016 for a general election on 2 July 2016 membership of the ICG-ACC was dissolved. As at 9 May 2016, the members were:

- the Hon Michael Keenan MP (Minister for Justice) (Chair)
- the Hon Troy Grant MP (New South Wales)
- the Hon Lisa Neville MP (Victoria)
- the Hon Rene Hidding MP (Tasmania)
- the Hon Peter Malinauskas MLC (South Australia)
- the Hon Liza Mary Harvey MLA (Western Australia)
- the Hon Adam Graham Giles MLA (Northern Territory)
- the Hon William Byrne MP (Queensland)
- Mr Simon Corbell MLA (Australian Capital Territory).

Membership will be reappointed at the beginning of the new Parliament.

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 2016, the Board comprised:

- Commissioner of the Australian Federal Police (Chair)
- Secretary of the Commonwealth Attorney-General's Department
- Comptroller-General of Customs (Commissioner of the Australian Border Force)
- 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 police forces and the Northern Territory police force, and the Chief Police Officer of ACT Policing
- CEO of the ACC (as a non-voting member).

The CEO of the Australian Transaction Report and Analysis Centre (AUSTRAC) attends Board meetings as a non-voting observer.

Chair's annual report

Details of ACC Board meetings and the Chair's report on the ACC's operations are contained in the *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 2016.

ACC Board authorisations 2015–16

Determination	Type	Status
High Risk and Emerging Drugs No. 2	Special Operation	Next annual review 30 June 2017
National Security Impacts from Serious and Organised Crime No. 2	Special Operation	Next annual review 30 June 2017
Outlaw Motor Cycle Gangs	Special Operation	Next annual review 30 June 2017
Highest Risk Criminal Targets No. 2	Special Investigation	Next annual review 30 June 2017
Targeting Criminal Wealth No. 2	Special Investigation	Next annual review 30 June 2017
Criminal Exploitation of Australia's Migration System	Special Operation	Next annual review 30 June 2017
Emerging Organised Crime Threats	Special Operation	Next annual review 30 June 2017
Eligo 2 National Task Force	Task Force	Next annual review November 2016
National Task Force Morpheus	Task Force	Next annual review December 2016
Highest Risk Criminal Targets—Victoria	State Special Investigation	Closed 30 June 2016
Highest Risk Criminal Targets—South Australia	State Special Investigation	Closed 30 June 2016
Making Australia Hostile to Serious and Organised Crime No. 2	Special Operation	Closed 30 June 2016

In addition, in 2015–16 the Board:

- received an update on the Independent Review of the ACC Act which presents an opportunity to address issues faced by the ACC in performing our role as Australia's national criminal intelligence agency
- reviewed the ACC's strategic priority areas and the planned ACC activity and response to the identified threats under the determinations
- commended the ACC on *Organised Crime 2025* and agreed that the concepts and implications identified should inform the strategic planning for ACC Board agencies, especially with regard to the need for enhanced operational and intelligence collaboration
- considered the key findings of the *Organised Crime Threat Assessment 2016*, which identifies the key nationally significant organised crime threats
- considered the findings of Project Sycamore, which focused on public sector corruption
- considered the Defence Abuse Response Taskforce's *Report on progress, operations and future structure* recommendation for the establishment of a joint investigation into sexual abuse at the Australian Defence Force Academy by the ACC and Australian Federal Police
- received reports from the Chairs of the Serious and Organised Crime Coordination Committee and the Australian Criminal Intelligence Forum
- received a summary of our involvement in counter-terrorism (CT) activities, including the ACC's support to partner agencies in the CT environment through specific ACC projects primarily involving the use of coercive powers, related operational outputs and future direction
- received an update on the development of the National Criminal Intelligence System, which is envisaged to provide a solid intelligence monitoring platform for law enforcement agencies to de-conflict and share intelligence between jurisdictions
- noted the current and emerging international and domestic criminal opportunities emanating from unregulated offshore bookmakers and the establishment of Project Petram to enable a baseline understanding of the scale of domestic exploitation of the offshore bookmaking industry
- endorsed the merging of CrimTrac and the ACC to form the Australian Criminal Intelligence Commission from 1 July 2016
- noted the progress of the Australian Crime Commission Amendment (Criminology Research) Bill, where it is proposed to merge the Australian Institute of Criminology into the Australian Criminal Intelligence Commission.

During the reporting year, the Board welcomed Chief Commissioner Graham Ashton AM, Victoria Police, who commenced his appointment on 1 July 2015 and Mr Paul Jevtovic APM, AUSTRAC CEO, as a non-voting observer.

Board-endorsed Australian Criminal Intelligence Forum

Australian heads of intelligence collaborate on implementing the Australian Criminal Intelligence Model and formulating national advice to the ACC Board and other stakeholders through the Australian Criminal Intelligence Forum. This forum also identifies common standards, processes and protocols for managing the national intelligence asset. We provide the secretariat function and the chair rotates among members.

Australian Criminal Intelligence Model

The Australian Criminal Intelligence Model is an agreed national framework to ensure quality intelligence supports tactical, operational and strategic decision-making via common standards, processes and protocols. This ACC Board-endorsed model is improving the flow of criminal intelligence within and across the three operating domains of: policing and community safety; serious and organised crime; and national security. This is a significant step towards treating criminal intelligence as a national asset—something that is collected once and used for the benefit of many.

Australian Criminal Intelligence Forum agencies are monitoring progress in implementing the model and will consider adjustments and improvements as required.

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 2015–16 the ACC notified ACLEI of one corruption allegation. As at 30 June 2016, this case is being investigated.

Commonwealth Ombudsman

The Commonwealth Ombudsman inspects ACC records associated with our controlled operations, use of surveillance devices and telecommunications interception activity. As a result of changes to the *Telecommunications (Interception and Access) Act 1979* in 2015, the Ombudsman also now inspects our records of accessing telecommunications data under that Act.

During 2015–16 the Ombudsman visited ACC offices in Brisbane, Sydney and Melbourne to conduct seven inspections and has subsequently issued reports on the findings. There were no recommendations made as a result of these inspections.

We maintain 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 Scheme Agency 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 226.

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 2015–16 we were involved in a range of matters including judicial review applications that sought to challenge the breadth of ACC determinations and decisions of ACC Examiners to issue summonses under those determinations.

Bartlett, Sayers, Grace and Dunn

On 15 August 2013 Justice Heenan of the Supreme Court of Western Australia dismissed the applications for a permanent stay of the prosecutions of each of the accused (*Bartlett v The Queen [No.6]* (2013) WASC 304). His Honour held that the absence of any reference to any tangible evidence or any use of particular evidence as a form of potential prejudice left the applicants' submissions without foundation. At trial, Dunn was 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 subsequently sought leave to appeal to the High Court, which was refused on 12 February 2016.⁶

XX v Australian Crime Commission

XX was summoned to attend an ACC examination, but sought orders to prevent the examination from proceeding on a number of administrative law grounds. In particular, XX challenged the validity of the ACC determination under which XX was summonsed (Highest Risk Criminal Targets No. 2 Special Investigation determination), and consequently the summons itself. The matter was heard before Justice Perry in the Federal Court (Sydney).

On 29 April 2016, the Court ruled in favour of the ACC, dismissing the application. Justice Perry found that the application sought to re-litigate issues that had been resolved by the decision of Justice Wigley in *XCIV v ACC & Sage*,⁷ and upheld the validity of the Highest Risk Criminal Targets No. 2 Special Investigation determination. The Court held that XX failed to establish that XCIV was wrong and therefore affirmed that it was correctly decided.

LX v Commonwealth of Australia and LXXXVI v Commonwealth of Australia

LX and LXXXVI were summonsed to attend separate ACC examinations but, like XX, sought orders to prevent their examinations from proceeding on administrative law grounds. Like XX, both applications ultimately turned on whether the Highest Risk Criminal Targets No. 2 Special Investigation determination was valid. The matter was heard before Justice Besanko in the Federal Court (Adelaide).

LX and LXXXVI sought similar relief on the same grounds, and made the same submissions when their matters were heard. As the result in both matters was the same, the court delivered one set of reasons for both applications.

On 29 April 2016, the Court found in favour of the ACC and dismissed both applications, holding that none of the grounds of challenge to the determination were made out.

⁶ See *Dunn v The Queen* [2016] HCATrans 19 (12 February 2016).

⁷ Referred to in the ACC *Annual Report 2014–15*.

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.

No contempt proceedings were finalised in 2015–16.

Legislative change

Merger of CrimTrac and ACC

On 5 May 2016 the *Australian Crime Commission Amendment (National Policing Information) Act 2016* and the *Australian Crime Commission (National Policing Information Charges) Act 2016* received Royal Assent.

The legislation commenced on 1 July 2016, and effectively merged the CrimTrac agency with the ACC. The amendments enable the ACC to carry out CrimTrac's functions, provide for governance of the merged agency, and allow the CrimTrac Special Account to continue.

The Australian Crime Commission Amendment (National Policing Information) Regulation 2016 also commenced on 1 July 2016. The Regulation prescribes:

- a. bodies from which the merged agency will be able to collect 'national policing information' (intended to capture all bodies from which CrimTrac currently collects information)
- b. kinds of information for the purposes of the definition of 'national policing information' (intended to capture all information that is currently collected and disseminated by CrimTrac through its existing systems, to enable the merged agency to carry out its new national policing information function)
- c. the name by which the merged agency may also be known, which is the Australian Criminal Intelligence Commission (ACIC).

While the merged agency may also be known as the ACIC, the ACC Act retains its existing title, and the ACC Board continues in existence, taking on the additional functions previously performed by the CrimTrac Board of Management. Both CrimTrac, and the CrimTrac Board of Management, effectively ceased to exist on 1 July 2016. The Governor-General made an order to abolish the CrimTrac agency as an Executive Agency on 1 September 2016.

The *Australian Crime Commission (National Policing Information Charges) Determination 2016* was also made on 5 May 2016, and prescribes the amount the merged agency is able to charge for the provision of criminal history checks. The Determination provides a legislative basis for the current CrimTrac charging regime. The Minister, on recommendation from the Board, may determine new charges if appropriate. This provides flexibility for the ACIC if it wishes to charge for additional services in the future. The Determination will enable the ACIC to continue CrimTrac's current funding model.

Merger of Australian Institute of Criminology into the ACC

The Australian Crime Commission Amendment (Criminology Research) Bill 2015 was passed by the House of Representatives on 10 November 2015 and debated in the Senate on 30 November 2015, but debate was adjourned before a vote. The Bill would repeal the *Criminology Research Act 1971* (abolishing the Australian Institute of Criminology) and transfer the Australian Institute of Criminology's functions and financial powers and responsibilities (including administration of the Criminology Research Special Account) to the ACC. The Bill lapsed on the dissolution of Parliament on 9 May 2016.

Changes and clarifications to the ACC Act

As noted in the 2014–15 annual report, the *Law Enforcement Legislation Amendment (Powers) Act 2015* commenced operation on 28 July 2015.

The new laws significantly amended 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:

- authorise the ACC to examine a person after they have been charged with a related criminal offence and to ask questions about the subject matter of the charge
- authorise the ACC to conduct examinations after confiscation proceedings have commenced against an examinee
- authorise the derivative use of examination material to find evidence that may be used in criminal proceedings against the examinee
- clarify and strengthen 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.

Our people

We have a staff of 595 (Australian Public Service employees and statutory office holders) supplemented by 25 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 task forces and Joint Analyst Groups. We also engage contractors and consultants to provide specialised services.

Staffing profile as at 30 June 2016

Staffing categories	No. of staff as at 30 June 2016	No. of full-time equivalent (FTE) staff as at 30 June 2016	Average staff level during 2015–16
APS employees Statutory office holders	595	561.20	554.81
Secondees funded by the ACC	14	N/A	N/A
Secondees funded by jurisdictions	11	N/A	N/A
Total core staff	620		
Task force members	82	N/A	N/A
Total overall staff	702		

Notes:

1. This table reflects the number of secondees as at 30 June 2016. However, as secondees work with us for different periods of time throughout the year, the overall total of secondees for 2015–16 was 50.
2. Further information on consultants is provided in *Chapter 4: Financial performance*.

Secondees and task forces

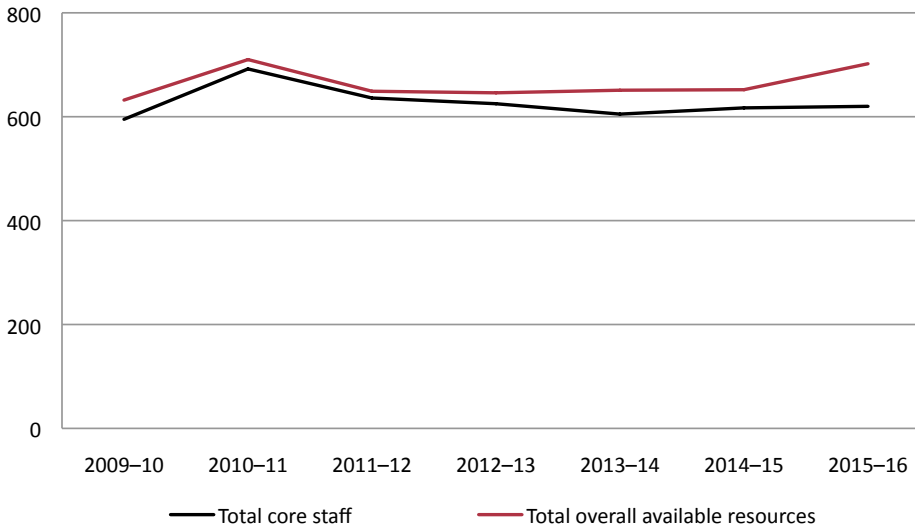
- **Secondees**—We supplement our staffing with secondees from other agencies. As at 30 June 2016 we had a total of 25 secondees, both ACC funded and funded by other agencies. Throughout the reporting year we hosted a total of 50 secondees from 15 other Commonwealth and law enforcement agencies on short-term and long-term assignment.
- **Task forces**—We coordinate and participate in joint task forces and Joint Analyst Groups with partner agencies. As at 30 June 2016 we had 82 task force members. Throughout the reporting year we hosted 145 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 231.

Staffing profile trends 2009–10 to 2015–16

Headcount as at 30 June	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16
APS and statutory office holders	546	628	598	584	562	581	595
Secondees funded by the ACC	29	45	23	21	23	23	14
Secondees funded by other jurisdictions	20	19	15	20	20	13	11
Total core staff	595	692	636	625	605	617	620
Task force and JAG members	37	18	13	21	46	35	82
Total overall available resources	632	710	649	646	651	652	702
Full-time equivalent (APS only)	526.8	606.61	565.21	553.94	532.98	550.8	561.20
Average staffing level (APS only)	N/A	N/A	556.29	553.35	531.57	529.8	554.81

Staffing profile trends as at 30 June 2009–10 to 2015–16



Location

During the year, we worked out of eight locations around the country and several overseas locations.



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

Location	2013–14	2014–15	2015–16
Sydney	130	134	130
Canberra	182	201	206
Melbourne	111	110	107
Brisbane	76	79	86
Adelaide	37	31	31
Perth	24	25	28
Alice Springs*	1	N/A	N/A
Darwin	1	1	1
Hobart			1
Dubai			1
Hong Kong			1
Washington			3*

* Our Alice Springs office closed on 30 June 2014, and one of the three staff members in Washington as at 30 June was on a short-term deployment.

A breakdown of employment capacity by location is in Appendix F on page 232.

Classification levels

We have 11 different classification levels including APS 1–6, 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	2013–14	2014–15	2015–16
APS 1			2
APS 2	3	2	1
APS 3	35	32	35
APS 4	81	84	86
APS 5	81	80	75
APS 6	87	88	91
EL 1	190	205	219
EL 2	69	74	72
SES 1	6	8	7
SES 2	3	2	1
CEO	1	1	1
Examiners	6	5	5

Note: These figures represent positions that were substantively filled as at 30 June.

A breakdown of classifications in our different locations is in Appendix F on pages 233–4.

Gender

This year, women comprised 49.08 per cent of our organisation. There are 108 more women than men at classification levels APS 1–6, but 115 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 0.56 per cent). However, with one of our women SES staff leaving this year to take up opportunities in another agency, our percentage of women SES fell from 10 per cent to zero per cent on 30 June 2016. This is well below the 41 per cent of women SES across the broader APS as at 30 June 2015, as reported in the *State of the Service Report 2014–15*.

APS employees by gender as at 30 June

Gender	2013–14	2014–15	2015–16
Men	287	298	303
Women	275	283	392

A breakdown of gender distribution by classification is in Appendix F on page 234.

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 16 per cent of staff have identified that Australia is not their country of birth and 6.1 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 continued implementing our *Diversity Strategy 2015–17*. Over the three years of the strategy, we are concentrating 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. Actions completed under this strategy so far include our Reconciliation Action Plan, Multicultural Plan, Workplace Diversity Program and Disability Action Plan, and our Transition to Retirement Toolkit.

Our *Diversity Strategy 2015–17* is on our website.

Reconciliation Action Plan

Our *Reconciliation Action Plan 2015–17* outlines our continued commitment to progressing reconciliation between Aboriginal and Torres Strait Islander and non-Indigenous Australians. It identifies practical actions and sets goals to drive greater equality and understanding. In implementing the plan, we will make a meaningful contribution to reconciliation in Australia. This year our State Manager, Queensland was our champion for the inclusion of Indigenous peoples. Through this plan we have:

- increased Indigenous cultural understanding and respect to ensure Indigenous employees receive support when they commence at the ACC
- celebrated and promoted National Reconciliation Week and NAIDOC Week and provided opportunities to strengthen relationships between Aboriginal and Torres Strait Islander employees and other employees
- developed, implemented and communicated protocols and guidelines on Acknowledgement of Country and Welcome to Country ceremonies to be used during presentations and programs
- increased employment pathways for Aboriginal and Torres Strait Islander peoples into the ACC by continuing to participate in Indigenous Australian Government Development Programme
- increased staff knowledge and awareness of Indigenous communities by continuing to participate in the Jawun Secondment Program.

Our rate of Indigenous employment at the ACC is 1.85 per cent.

Agency Multicultural Plan

In line with our *Agency Multicultural Plan 2013–15*, we continued to work on the action areas of leadership, engagement, performance, capability, responsiveness and openness, as outlined in the Australian Government's Multicultural Access and Equity Policy. 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.

We are working on our *Agency Multicultural Plan 2016–19*.

Disability

A total of 1.34 per cent of ACC staff have identified as having a disability. Our Workplace Diversity Program and Disability Action Plan include strategies to improve this figure, such as awareness-raising and more accurate reporting through self-identification. Last year we entered into a partnership with the National Disability Recruitment Coordinator as part of our strategy to improving workforce participation of people with disability.

The National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. These reports can be found at <www.dss.gov.au>.

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.

Culture strategy

During the year we commissioned an independent review to identify opportunities for cultural reform. We are committed to a culture that strives for excellence, enables personal and professional growth, values diversity, models respectful behaviour, and achieves agency unity through collaboration and inclusiveness. In mid-2015 we developed a Culture Strategy to provide a framework for building and fostering an inclusive, positive and productive staff environment, encouraging innovation, driving business improvement, and continuing to attract and retain talented employees.

Our Culture Strategy is informed by and aligns with the:

- *ACC Enterprise Agreement 2011–2014*
- *ACC Strategic Plan 2013–18*
- Australian Public Service and ACC frameworks, instruments and guidelines relating to workplace values, work health and safety, and performance management, as well as better practice approaches to building positive and productive work environments.

As part of the wider ACC culture strategy, a culture action plan and agency charter of respect were developed in consultation with staff.

Remuneration and benefits

Workplace agreements

During 2015–16, our *ACC Enterprise Agreement 2011–2014* covered 583 employees (this does not include our substantive SES or Examiners), 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 167).

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 167). 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 2016
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 (from page 184).

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 \$343,000 with a total remuneration package of \$496,130.

ACC Examiner base salaries were \$310,740 with total remuneration packages of \$443,910. Part-time Examiners receive a daily rate of \$1,411.

Staff retention and turnover

In 2015–16 a total of 93 staff left the ACC. Reasons included moving to another APS agency, retirement, redundancies and completing non-ongoing contracts.

As at 30 June 2016, our retention rate was 84.5 per cent. A breakdown of staff turnover by reason is on page 235 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
- 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 2015–16, our Performance Development System completion rate was 94 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.

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.

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 Australian Gangs Intelligence Coordination Centre in recognition of this team’s contribution to combating gang-related crime in Australia and its role in delivering key capabilities for Australian law enforcement, standardisation initiatives, and a significant number of intelligence and disruption outcomes.
- *The Geoffrey Bowen Memorial Award for exemplary performance by an individual*—this year presented to Mario Neou for his long-standing high quality graphic design and marketing work, including developing the visual identity for the new Australian Criminal Intelligence Commission. The award was shared with Gary Fleetwood for consistently going above and beyond his job requirements in advancing the interests of the ACC and furthering his reputation in his field as a Firearms Subject Matter Expert, regularly being called on as an internationally recognised expert at forums such as the United Nations.
- *The Sharon Price Memorial Innovation Award for innovative contributions by an individual or team*—this year presented to Peter Vallyely for his work on the *Precursor Chemical Information Resource 2016* (see page 89).

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 outlines our 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.

Learning and development

Strategies

Our learning and development strategies support capability development in identified priority areas. The objective is to develop a responsive and high performing workforce so we can deliver on our strategic direction and priorities.

Approach

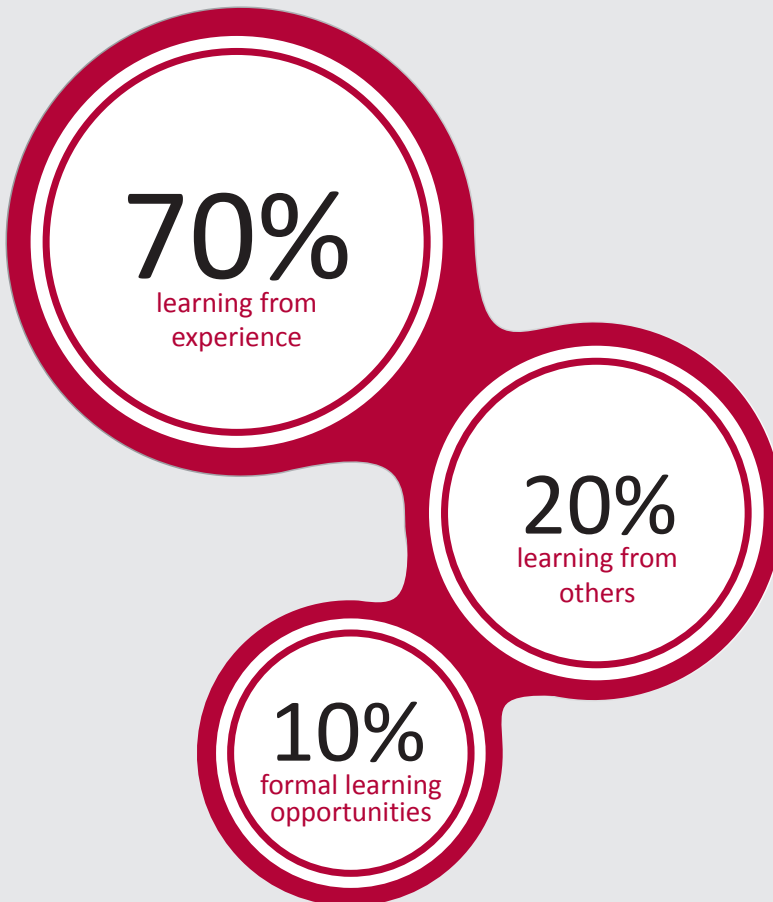
Our learning and development activities are based on the 70: 20: 10 development philosophy, which recognises that learning occurs best from 70 per cent experience (on-the-job) blended with 20 per cent from others (coaching and mentoring) and 10 per cent through formal learning opportunities (such as courses).

Opportunities

We provide learning and development opportunities in three key areas:

- **Core**—We provide learning activities to support culture and fundamental organisational practices for employees to work successfully in the ACC environment. Examples include induction programs, APS Core Skills programs, presentation skills, systems training, performance development training 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 information security training.
- **Leadership and 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.

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

Outcomes

This year ACC staff collectively attended more than 2,550 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:

- **Agency mentoring program**—This year our Mentoring Program involved 12 mentors and 14 mentees. Through this program we are able to: foster personal and professional growth through the sharing of business information, skills, attitudes and behaviours; facilitate greater understanding of how individual work contributes to our strategic direction and corporate plan by connecting people with others outside their teams and usual relationships; and develop a peer support culture by linking mentees to mentors with valuable knowledge and information.
- **Joint mentoring program with Victoria Police**—We are also undertaking a Joint Mentoring Pilot Project with the Victoria Police, at the direction of the Australian Criminal Intelligence Forum (see page 153). This project is one of the key activities directed by the forum, to professionalise the intelligence discipline through the development of national standards for intelligence practitioners and analysts. The program is being piloted by four mentoring pairs from both agencies and formally started in March 2016. It will run for 12 months, with the objectives of:
 - encouraging opportunities to foster personal and professional growth through sharing business information, skills, attitudes and behaviours
 - facilitating greater understanding of the role of intelligence work, functions and future opportunities by connecting people with others outside their organisation and usual relationships
 - developing a peer support culture by linking mentees to mentors with valuable knowledge and information.
- **Leading Effective Teams Program**—This program aims to develop the leadership skills of ACC team leaders and shape our leadership culture. Participants were assessed and graduated with a nationally recognised Diploma of 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 changing agency environment
 - develop a high level of self-awareness and the ability to manage others and have effective conversations through a coaching approach.

- *APS Values and Ethics workshop*—This year we delivered the APS Ethics and Values workshop to all staff nationally. The purpose was to raise awareness of the relevance of the APS Values and Code of Conduct in the workplace, identify the legislative connection between the APS and the APS Values and Code of Conduct, and explore staff members' responsibilities as APS employees for upholding and supporting the APS Values and Code of Conduct both within and outside the workplace.
- *Professional Development Lecture Series*—These lectures, from internal and external experts, provide staff with the opportunity to learn valuable information that benefits their work at the ACC. The lecture series aims to promote the development of our internal presenters as well as attendees. Several APS and law enforcement presenters provided lectures in relation to our 'Give Respect Get Respect' program. Other guest lecturers included:
 - Allan Sparkes, former police officer and author, in connection with National Psychology Week, on resilience and coping strategies for law enforcement officers
 - Dr Synnøve Jahnsen, University of Bergen (Norway), on her research into outlaw motor cycle gangs
 - Dr Claire Ferguson, Queensland University of Technology, on critical skills for critical minds.

Evaluation

We conducted 58 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 'Census' survey process, and included some ACC-specific questions.

The results will be known in early 2016–17, and 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 222) details our 2015–16 work health and safety arrangements, initiatives, outcomes, statistics of accidents or dangerous occurrences, and any investigations conducted.

Ecologically sustainable development

The five principles of Ecologically Sustainable Development (ESD) identified in the *Environment Protection and Biodiversity Conservation Act 1999* are integration, precautionary, intergenerational, biodiversity and valuation.

We are aware of these principles within our daily operations, even though none of our agency's activities have ESD implications. We also strive to operate in an environmentally responsible manner, including efficient use of resources and effective waste management.


We are committed to reducing our impact on the environment through ongoing minimisation strategies and new technologies and resources including:

- electronic document management systems and web-based information-sharing tools that reduce or eliminate the need to print and retain paper copies of documents
- using video and telephone conferencing where possible to reduce the need for local and interstate travel
- reviewing leased buildings and encouraging building owners to improve energy performance
- ensuring that new leases entered into comply with the Australian Government's energy policy
- procuring energy efficient equipment and lighting solutions, including a smart lighting system that activates only when areas are occupied
- including recycling facilities in all work areas.

The integration of energy efficiency practices into our organisation and planning processes allows us to reduce our energy costs and decrease consumption of valuable resources.

We manage our finances and assets
responsibly to support our work
against serious and organised crime.





Chapter 4

Financial performance

Overview of our financial performance	page 176
Audited financial statements.....	page 184

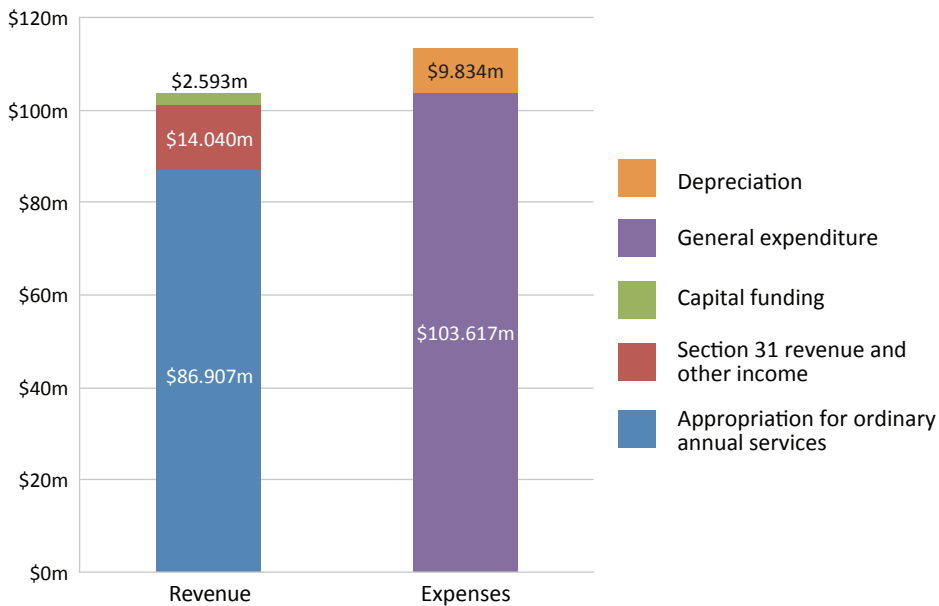
Overview of our financial performance

The ACC's financial result for 2015-16 was a deficit of \$9.911 million. Excluding unfunded depreciation and revenue received to fund capital items the ACC realised a deficit of \$2.670 million for the financial year. The ACC had received prior approval from the Minister for Finance to incur a loss of \$3.545 million.

The ACC received an unmodified audit opinion from the Australian National Audit Office.

During 2015–16 there were no instances of significant non-compliance with the finance law.

Revenue and expenditure analysis 2015–16



The major components of the actual deficit primarily relate to:

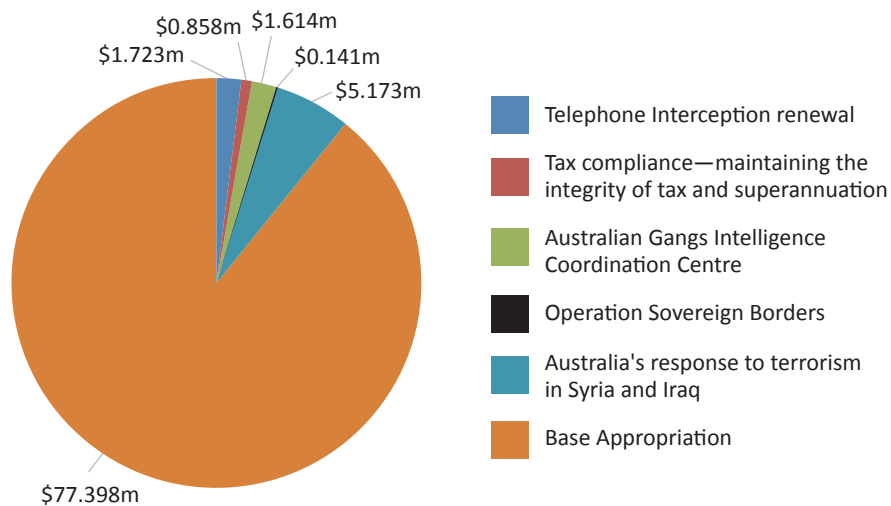
- the recognition of an onerous contract provision required following the relocation of the Canberra Headquarters (\$2.100 million); and
- the impact of non-cash accounting adjustment relating to the revaluation of leave entitlements (\$0.370 million).

Appropriation for 2015–16

The ACC's total appropriation for 2015–16 was \$92.230 million, which included \$86.907 million operating budget, \$2.673 million Departmental Capital Budget and \$2.650 million equity injection.

A breakdown of operating appropriation for 2015–16 is provided in the following chart.

Operating appropriation 2015–16

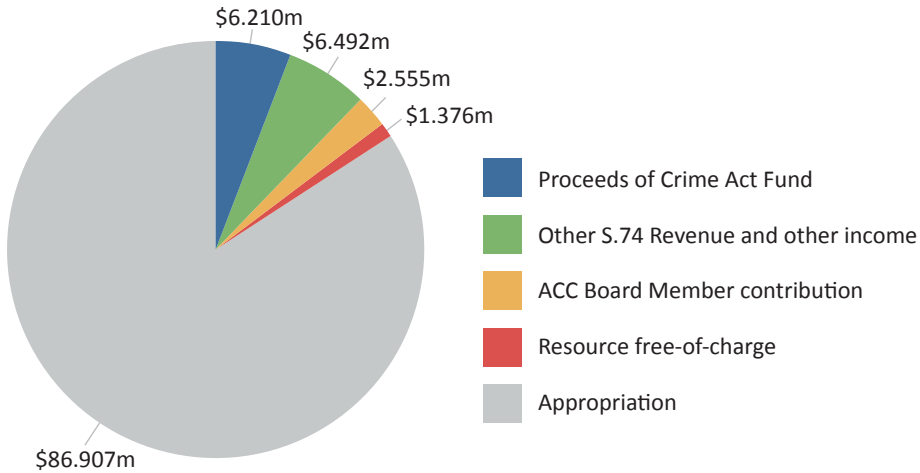


The tied funding included:

- \$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
- \$5.173 million to contribute to the whole-of-government effort to counter the threat of foreign fighters and Islamist extremism
- \$0.858 million to generate intelligence targeting unexplained wealth for the Australian Taxation Office
- \$1.614 million funding for the Australian Gangs Intelligence Coordination Centre
- \$0.141 million to support Operation Sovereign Borders.

Revenue for 2015–16 included \$86.907 million appropriation (which includes the tied funding listed above) and \$16.633 million in own source revenue. Own source revenue includes \$6.210 million received from the Proceeds of Crime Trust Account, \$6.492 million from provision of services, \$2.555 million from inter-governmental agreements, and \$1.376 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 2015–16



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*
- audit by the Australian National Audit Office and the ACC's Internal Audit Team
- online financial delegation training 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 and Chief Financial Officer
- centralised administration of procurement, property leases, assets, travel, credit cards, fleet vehicles, mobile phones and laptops.

Agency Resource Statement 2015–16

	Actual available appropriations for 2015–16 \$'000	Payments made 2015–16 \$'000	Balance remaining \$'000
	(a)	(b)	(a–b)
Ordinary annual services			
Departmental appropriation			
Prior year departmental appropriation (incl. S.74 Relevant agency receipts)	32.574	32.574	0
Departmental appropriation (including Departmental Capital Budget)	89.580	63.640 ¹	25.940
S.74 Relevant agency receipts	26.547 ¹	22.119	4.428
Total ordinary annual services	148.701	118.333	30.368
Other services			
Departmental non-operating			
Equity injections ²	2.650	732	1.918
Total other services	2.650	732	1.918
Total resourcing and payments	151.351	119.065	32.286

1. The S.74 Relevant agency receipts and the payments from departmental appropriation are not adjusted for GST.
2. The equity injection funded for counter terrorism and national security was \$2.650 million, of which \$1.918 million will be re-phased to future years, subject to Finance Minister's approval.

Expenditure and staffing by outcome

Outcome 1: 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.	Budget 2015–16 \$'000	Actual expenses 2015–16 \$'000	Variation \$'000
Outcome 1:¹			
Departmental expenses			
Departmental appropriation (Act 1)	94,297	102,241	(7,944)
Expenses not requiring appropriation in the budget year	10,361	11,210	(849)
Total Departmental expenses	104,658	113,451	(8,793)
Total expenses for Outcome 1	104,658	113,451	(8,793)
	Budget 2015–16	Actual 2015–16	
Average staffing level (number)	518	555	

1. The ACC is structured to meet the one outcome with one program.

The ACC's increase in actual average staffing level compared to budget reflects the Machinery of Government of 8 October 2015 that transferred the employees of the Australian Institute of Criminology to the ACC, as well some minor increases relating to new measures.

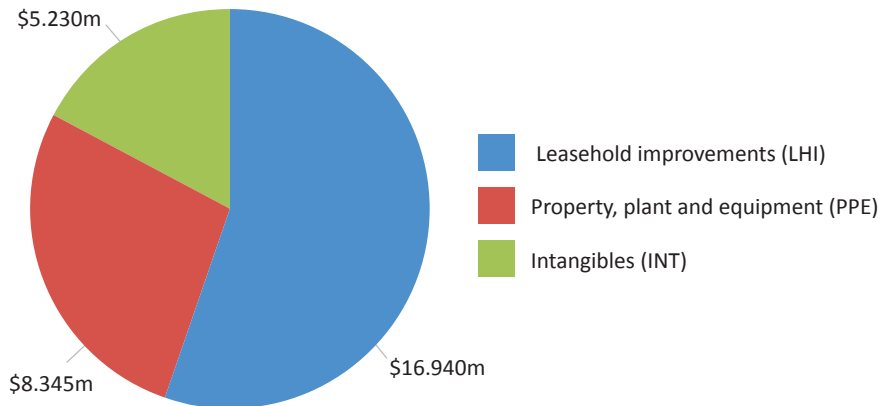
Asset management

During 2015–16 we engaged the Australian Valuation Service Office (AVSO) to undertake a desktop assessment to determine whether assets book value materially changed since the revaluation of leasehold improvements and property, plant and equipment last financial year. It is currently ACC policy to undertake a full revaluation every three years and a desktop assessment each year in between.

Our asset mix at the end of 2015–16 comprised:

- \$16.940 million—leasehold improvements
- \$8.345 million—property, plant and equipment (includes assets under construction)
- \$5.230 million—intangibles (includes assets under construction).

Fixed assets 2015–16



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. The 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 the ACC co-located with the Australian Institute of Criminology at a new National Headquarters in Barton. The new fitout provided energy and space management efficiencies as well as productivity savings associated with being in close proximity to partner agencies. In addition, the new office services our agency's specialist operational requirements in the ACT.

We commenced work on the merger and co-location with CrimTrac at the Barton headquarters and also began early conceptual planning for future requirements at the Melbourne office.

We continue to monitor our property performance nationally with a view of minimising our property footprint and taking advantage of efficiency initiatives, including shared opportunities.

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 2015–16 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 2015–16, the ACC entered into three new consultancy contracts, involving total actual expenditure of \$0.037 million (inc. GST). In addition, four ongoing consultancy contracts were active during 2015–16, which involved consultancy expenditure of \$0.102 million (inc. GST), taking the total consultancy expense to \$0.149 million (inc. GST).

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.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website at <www.tenders.gov.au>.

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.

Exempt contracts

During the reporting period we did not publish the details of three contracts with a total value of \$6.916 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 (SMEs) 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.

Advertising and market research

During 2015–16 we did not undertake any advertising campaigns. More information on advertising and market research can be found in Appendix E (see page 230).

Grants and sponsorships

Information on grants awarded by the ACC during the period 1 July 2015 to 30 June 2016 is available at www.acic.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 2016, 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; and
- Notes to the financial statements.

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 2016 and its financial performance and cash flows for the year then ended.

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.

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.

Australian National Audit Office



Peter Kerr
Executive Director
Delegate of the Auditor-General
Canberra
13 September 2016

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2016 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 Criminal Intelligence Commission (formerly the Australian Crime Commission) will be able to pay its debts as and when they fall due.

Signed.....

Chris Dawson, APM
Chief Executive Officer

13 September 2016

Signed.....

Yvette Whittaker
Chief Financial Officer

13 September 2016

STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2016

			Budget	
		2016	2016	2015
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	64,879	61,716	65,228
Suppliers	1.1B	33,468	28,925	31,174
Depreciation and amortisation	2.2A	9,834	8,361	6,888
Finance costs—unwinding of discount	2.4B	49	-	74
Write-down and impairment of property, plant and equipment	2.2A	1,137	-	19
Services provided by State, Territory and Other Commonwealth Agencies	1.1C	4,084	5,656	5,061
Total expenses		113,451	104,658	108,444
Own-Source Income				
Own-source revenue				
Rendering of services		15,215	7,258	7,074
Other revenue	1.2A	1,418	-	1,717
Total own-source revenue		16,633	7,258	8,791
Gains				
Gains from sale of assets		-	2,000	-
Total gains		-	2,000	-
Total own-source income		16,633	9,258	8,791
Net cost of services		(96,818)	(95,400)	(99,653)
Revenue from Government—Departmental Appropriations		86,907	88,149	93,358
Deficit attributable to the Australian Government		(9,911)	(7,251)	(6,295)
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		(34)	-	61
Total other comprehensive income		(34)	-	2,605
Total comprehensive loss attributable to the Australian Government		(9,945)	(7,251)	(3,690)

The above statement should be read in conjunction with the accompanying notes.

Budget to actual variance commentary: refer Note 6 for major variance explanations.

STATEMENT OF FINANCIAL POSITION*as at 30 June 2016*

		2016	Budget	
	Notes	\$'000	2016	2015
			\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents		1,398	1,317	740
Trade and other receivables	2.1A	36,629	28,892	33,903
Total financial assets		38,027	30,209	34,643
Non-financial assets				
Leasehold improvements	2.2A	16,940	6,640	10,020
Property, plant and equipment	2.2A	8,345	6,186	7,613
Intangibles	2.2A	5,230	4,887	5,771
Prepayments	2.2D	1,903	2,046	1,915
Total non-financial assets		32,418	19,759	25,319
Total assets		70,445	49,968	59,962
LIABILITIES				
Payables				
Suppliers	2.3A	7,033	3,098	6,689
Other payables	2.3B	19,717	3,162	7,258
Total payables		26,750	6,260	13,947
Interest Bearing Liabilities				
Leases		-	5,375	-
Total interest bearing liabilities		-	5,375	-
Provisions				
Employee leave provisions	4.1A	19,025	16,563	18,307
Provision for restoration obligations	2.4B	2,168	1,457	2,085
Provision for onerous lease obligations	2.4A	1,501	-	-
Total provisions		22,694	18,020	20,392
Total liabilities		49,444	29,655	34,339
Net assets		21,001	20,313	25,623
EQUITY				
Contributed equity		38,414	38,414	33,091
Reserves		8,444	5,873	8,478
Accumulated deficit		(25,857)	(23,974)	(15,946)
Total equity		21,001	20,313	25,623

The above statement should be read in conjunction with the accompanying notes.

Budget to actual variance commentary: refer Note 6 for major variance explanations.

STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2016

	Retained earnings			Asset revaluation surplus			Contributed equity/capital			Total equity		
	Budget	2016	2015	Budget	2016	2015	Budget	2016	2015	Budget	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance carried forward from previous period	(15,946)	(16,723)	(9,651)	8,478	5,873	5,873	33,091	28,079	25,623	22,241	24,301	
Opening balance	(15,946)	(16,723)	(9,651)	8,478	5,873	5,873	33,091	28,079	25,623	22,241	24,301	
Comprehensive income												
Deficit for the period	(9,911)	(7,251)	(6,295)	-	-	-	-	-	(9,911)	(7,251)	(6,295)	
Other comprehensive income	-	-	-	(34)	-	2,605	-	-	(34)	-	2,605	
Total comprehensive income	(9,911)	(7,251)	(6,295)	(34)	-	2,605	-	-	(9,945)	(7,251)	(3,690)	
Transactions with owners												
Contributions by owners												
Equity injection—Appropriations ¹	-	-	-	-	-	-	2,650	2,650	3,422	2,650	3,422	
Departmental capital budget ¹	-	-	-	-	-	-	2,673	2,673	4,812	2,673	4,812	
Transfers to owners												
Section 51 reduction—Appropriations Act (No 4)—2014–15 ¹	-	-	-	-	-	-	-	(3,222)	-	-	(3,222)	
Total transactions with owners	-	-	-	-	-	-	5,323	5,323	5,012	5,323	5,012	
Closing balance as at 30 June	(25,857)	(23,974)	(15,946)	8,444	5,873	8,478	38,414	33,091	21,001	20,313	25,623	

The above statement should be read in conjunction with the accompanying notes.

Budget variances commentary: refer note 6 for major variance explanations.

1. Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in transactions with owners in that year.

CASH FLOW STATEMENT*for the period ended 30 June 2016*

	Notes	2016 \$'000	Budget 2016 \$'000	2015 \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		91,599	93,831	90,838
Rendering of services		15,437	6,148	7,538
Net GST received		2,938	-	3,045
Total cash received		109,974	99,979	101,421
Cash used				
Employees		64,159	64,146	63,708
Suppliers		35,249	30,659	31,403
Section 74 receipts transferred to Official Public Account		4,428	-	1,443
Other		2,708	3,656	3,468
Total cash used		106,544	98,461	100,022
Net cash from operating activities	3.2	3,430	1,518	1,399
INVESTING ACTIVITIES				
Cash used				
Purchase of property, plant and equipment		5,641	6,841	6,664
Purchase of intangibles		2,454	-	324
Total cash used		8,095	6,841	6,988
Net cash used by investing activities		(8,095)	(6,841)	(6,988)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		5,323	5,323	5,012
Total cash received		5,323	5,323	5,012
Net cash from financing activities		5,323	5,323	5,012
Net increase in cash held		658	-	(577)
Cash and cash equivalents at the beginning of the reporting period		740	1,317	1,317
Cash and cash equivalents at the end of the reporting period		1,398	1,317	740

The above statement should be read in conjunction with the accompanying notes.

Budget to actual variance commentary: refer Note 6 for major variance explanations.

Overview

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.

CrimTrac and the ACC merged to form the Australian Criminal Intelligence Commission (ACIC) on 1 July 2016. The purpose of the ACIC is to strengthen the national ability to respond to crime and criminal justice issues impacting Australia. The agency, through its investigative, research and information delivery services, works with law enforcement partners to improve the ability to stop criminals exploiting emerging opportunities and perceived gaps in law enforcement information.

It was the Government's policy that from 1 July 2016 the ACC, including its functions, assets, liabilities and commitments be merged into the ACIC. This has resulted in the ACC continuing to exist but in a different form.

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 another 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 2015; 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.

3. New Australian accounting standards

Adoption of New Australian Accounting Standards Requirement for 2015–16 financial year

During the 2015–16 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 but none had any material effect and are not expected to have a future material effect on the ACC's financial statements.

Future Australian Accounting Standards Requirements

During the 2015–16 financial year several accounting standards and interpretations were issued or amended by the Australian Accounting Standards Board which are effective for future reporting periods, future standards and interpretation that are expected to have material impact on the ACIC's future financial statements are listed below.

Accounting Standard	Year of application	Impact on the ACIC's financial statements
AASB 124 Related Parties	Applies from 1 July 2016	The ACIC will apply AASB 124 <i>Related Party Disclosures</i> in 2016–17. This standard requires the disclosure of significant transactions with related parties. Related parties include key managers of the ACIC, relevant ministers, and other Government entities.
AASB 15 Revenue from Contracts with Customers	Applies from 1 July 2018	The ACIC expects to apply AASB 15 <i>Revenue from Contracts with Customers</i> in 2018–19. The standard requires revenue from such contracts to be recognised as the entity transfers identifiable good and services to the customer.
AASB 16 Leases	Applies from 1 July 2019	The ACIC expects to apply AASB 16 <i>Leases</i> from 2019–20. This standard will require the net present value of payments under most operating leases to be recognised as assets and liabilities. Currently the ACIC has about \$55 in lease commitments.

Accounting policy and significant accounting judgements and estimates

Accounting policy and significant accounting judgement and estimate that is related to a specific financial statement disclosure is detailed under the corresponding note that forms part of the financial statements. Accounting policies and significant accounting judgements and estimates that are not reflected in the notes that form part of the financial statements are disclosed below.

4. Revenue

The ACC receives revenue from parliamentary appropriations and inter-governmental arrangements. Parliamentary appropriations are classified as revenue from government. Revenue from intergovernmental agreements is classified as own-source revenue.

Own-source revenue

Revenue from inter-governmental agreements is recognised as own-source revenue from Commonwealth, State and Territory.

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.

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.

5. 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.

6. Cash and 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.

7. 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.

8. Events after the reporting period

On 1 July 2016, the functions of the Australian Crime Commission and CrimTrac were merged into a single agency, the Australian Criminal Intelligence Commission (ACIC).

The Australian Government is still considering whether the Australian Institute of Criminology (AIC) should be merged with the ACIC, but a final decision has not been made. In the interim, the ACIC and AIC will continue to exist and operate as separate entities, while working together on expanding existing relationships.

9. Contingent assets and liabilities

The ACC did not have any quantifiable contingencies to report for the financial year 2015–16. However at 30 June 2016, 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.

Note 1.1: Expenses

	2016	2015
	\$'000	\$'000

Note 1.1A: Employee Benefits

Wages and salaries	46,820	46,470
Superannuation ³		
Defined contribution plans	4,957	4,588
Defined benefit plans	4,134	4,096
Leave and other entitlements ¹	8,633	8,833
Separation and redundancies ²	335	1,241
Total employee benefits	64,879	65,228

Accounting Policy

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.

1. 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.

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 measuring the staff leave provisions that have the most significant impact on the amounts recorded in the financial statements.

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.

2. 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.

3. 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 2016 represents outstanding contributions for the final fortnight of the year.

Note 1.1: Expenses (continued)

	2016	2015
	\$'000	\$'000

Note 1.1B: Suppliers**Goods and services**

Consultants and contractors	3,379	2,194
Operational expenses	1,871	1,834
Staff development and training	1,403	1,434
Motor vehicle expenses	172	169
Office expenses	820	857
Communication	3,052	3,151
Legal expenses	639	1,566
Travel	3,640	3,128
Property and security expenses	3,309	3,431
IT support and maintenance	3,925	3,624
Other	337	436

Total goods and services	22,547	21,824
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Other suppliers

Operating lease rentals		
Minimum lease payments	9,796	8,353
Workers compensation expenses	1,125	997
Total other suppliers	10,921	9,350

Total suppliers	33,468	31,174
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Leasing commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	7,169	6,859
Between 1 to 5 years	30,582	23,891
More than 5 years	18,488	14,593

Total operating lease commitments¹	56,239	45,343
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1. Total operating lease commitments excludes GST.

Accounting Policy

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased asset.

The ACC leases office accommodation, motor vehicles and other equipment under operating lease agreements.

- Lease payments for office accommodation are subject to terms as detailed in the lease agreements.
- No contingent rentals exist for motor vehicle & other equipments leases and there were no renewal or purchase options available to the ACC.

Note 1.1C: Services provided by State, Territory and other Commonwealth Agencies

Paid services	2,708	3,468
Services provided free of charge		
Police services	1,279	1,498
Remuneration of auditors	97	95
Total Services provided by State, Territory and other Commonwealth Agencies	4,084	5,061

Note 1.2: Own-source Income

	2016	2015
	\$'000	\$'000

Own-Source Revenue

Note 1.2A: Other Revenue

Resources received free of charge

Police services	1,279	1,498
Remuneration of auditors	97	95
Other	42	124
Total other revenue	1,418	1,717

Accounting Policy

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when a fair value can be reliably measured and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Note 2.1: Financial Assets

	2016	2015
	\$'000	\$'000

Note 2.1A: Trade and Other Receivables

Trade receivables	3,394	742
Appropriations receivable—existing programs	32,286	32,551
GST receivable	949	610
Total trade and other receivables	36,629	33,903

Trade and other receivables aged as follows

Not overdue	36,592	33,661
Overdue by		
0 to 30 days ¹	37	242
Total trade and other receivables	36,629	33,903

Credit terms for services were within 30 days (2015: 30 days).

Accounting Policy*Trade and Other Receivables*

Trade and other receivables are recorded at fair value less any impairment. Trade and other receivables are recognised when the ACC becomes party to a contract and has a legal right to receive cash. Trade and other receivables are derecognised on payment and are assessed for impairment at the end of each reporting period. Allowances are made when collectability of the debt is no longer probable.

1. Impairment allowances for 2016 is nil (2015: Nil).

Note 2.2: Non-Financial Assets

Note 2.2A: 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 2016

	Leasehold improvements \$'000	Property, plant and equipment \$'000	Computer software—internally developed \$'000	Computer software—purchased \$'000	Total \$'000
As at 1 July 2015					
Gross book value	10,020	7,613	12,205	2,597	32,435
Accumulated depreciation, amortisation and impairment	-	-	(7,425)	(1,606)	(9,031)
Total as at 1 July 2015	10,020	7,613	4,780	991	23,404
Additions					
Purchase	10,916	3,434	3,245	487	18,082
Depreciation/amortisation	(3,996)	(3,837)	(1,477)	(524)	(9,834)
Transfers (to/from asset under construction)	-	1,278	(2,306)	1,028	-
Write-down and impairment of property, plant and equipment	-	(143)	(985)	(9)	(1,137)
Total as at 30 June 2016	16,940	8,345	3,257	1,973	30,515
Total as at 30 June 2016 represented by					
Gross book value	20,936	12,029	11,337	3,814	48,116
Accumulated depreciation, amortisation and impairment	(3,996)	(3,684)	(8,080)	(1,841)	(17,601)
Total as at 30 June 2016	16,940	8,345	3,257	1,973	30,515

There are no leasehold improvements, property, plant and equipment and intangibles expected to be sold or disposed of within the next 12 months.

	2016 \$'000	2015 \$'000
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Capital commitments

Commitments payable on non-financial assets purchases:

Within 1 year	413	964
Between 1 to 5 years	178	-
Total capital commitments¹	591	964

Capital commitments includes commitment to purchase leasehold improvements, property, plant and equipment and intangibles.

1. Total capital commitments excludes GST.

Note 2.2: Non-Financial Assets (continued)**Note 2.2A: 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 2015**

	Leasehold improvements \$'000	Property, plant and 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 and impairment	(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)
Transfers (to/from asset under construction)	-	263	(509)	246	-
Write-down and impairment of property, plant and equipment	-	(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 and impairment	-	-	(7,425)	(1,606)	(9,031)
Total as at 30 June 2015	10,020	7,613	4,780	991	23,404

Note 2.2: Non-Financial Assets (continued)

Accounting Policy

Asset Recognition

Property, plant and equipment costing greater than \$2,000, leasehold improvements costing greater than \$50,000, intangible assets purchased externally costing greater than \$2,000 and intangible assets purchased and modified or developed internally costing greater than \$20,000 are capitalised. Items costing less than these thresholds are treated as portable and attractive items.

Leasehold Improvements

Leasehold improvements include office furniture and fittings acquired as part of the sub-lease of office accommodation. The depreciable amount of these assets is progressively allocated over the unexpired period of the lease or the useful lives of the improvements, whichever is the shorter.

Revaluations

Following initial recognition at cost, property, plant and equipment and leasehold improvements are carried at fair value. Carrying values of the assets are reviewed every year to determine if an independent valuation is required. The regularity of independent valuations depends on the volatility of movements in the market values for the relevant assets. 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. Upon revaluation, any accumulated depreciation is eliminated against the gross carrying amount of the asset.

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. Leasehold improvements are depreciated over the life of the lease term. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	Lease term	Lease term
Property, plant and equipment	3–5 years	3–5 years
Intangibles	3–5 years	3–5 years

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. Software licences with the renewable term of one year are treated as prepayments at the time of purchase and expensed over the one year term.

Impairment

All assets were assessed for impairment at 30 June 2016. 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.

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 measuring the fair value of the assets that have the most significant impact on the amounts recorded in the financial statements. The fair value of the ACC's leasehold improvements and property, plant and equipment has been taken to be the market value or depreciated replacement costs as determined by an independent valuer. In some instances, the ACC's leasehold improvements are purpose-built and some specialised property, plant and equipment may in fact realise more or less in the market.

Note 2.2: Non-Financial Assets (continued)**Note 2.2B: Fair Value Measurements, Valuation Techniques and Inputs Used**

	Fair value measurements at the end of the reporting period			For Levels 2 and 3 fair value measurements	
	2016 \$'000	2015 \$'000	Level ¹	Valuation technique(s) ²	Inputs used
Non-financial assets					
Leasehold improvements	16,940	10,020	Level 3	Depreciated Replacement Cost (DRC)	Replacement cost new and consumed economic benefit/ obsolescence of asset
Property, plant and equipment	3,003	1,573	Level 2	Market Approach	Adjusted market transactions of similar assets
Property, plant and equipment	5,342	5,730	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 position	25,285	17,323			

All leasehold improvements and property, plant & equipment is measured at fair value in the statement of financial position. 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 2015–16 financial year, the ACC engaged Australian Valuation Solutions (AVS) to undertake a review of the fair values for leasehold improvements and property, plant and equipment. Where market prices were not available, depreciated replacement costs were used.

The reconciliation of level 3 fair value measurements for the property, plant and equipment is shown in the table below as it comprises assets that uses level 2 and 3 fair value measurement technique. Conversely the reconciliation for recurring level 3 fair value measurement for leasehold improvements not shown below as it is reflected in Note 2.2A: Non-Financial Assets.

- Level 2 measurements use inputs other than quoted market rates that are observable for fair value measurement. Level 3 measurements use inputs where there are no observable market for fair value measurement.
- 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 the qualitative information about the significant unobservable inputs used for the level 3 measurement.

Note 2.2: Non-Financial Assets (continued)

Note 2.2C: Reconciliation for Recurring Level 3 Fair Value Measurements

Recurring Level 3 fair value measurements—reconciliation for assets

	2016 \$'000	2015 \$'000
Property, Plant and Equipment		
As at 1 July³	5,730	2,317
Total losses recognised in net cost of services ⁴	(3,008)	(1,092)
Changes in asset revaluation Level 3—property, plant and equipment ⁵	-	354
Purchases	2,743	1,941
Write-down and impairment of property, plant and equipment	(123)	(1)
Transfers into Level ⁶	-	2,211
Total as at 30 June	5,342	5,730

3. Opening balance as determined in accordance with AASB 13.

4. These losses are presented in the Statement of Comprehensive Income under depreciation and amortisation.

5. This reflects the fair value increment of level 3 property, plant and equipment.

6. During 2014-15, some of the assets in the property, plant and equipment class were reclassified into Level 3 due to a change in the valuation technique applied to those assets in that class.

	2016 \$'000	2015 \$'000
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Note 2.2D: Prepayments

Prepayments—no more than 12 months	1,858	1,739
Prepayments—more than 12 months	45	176
Total prepayments	1,903	1,915

No indicators of impairment were found for prepayments.

Note 2.3: Payables

	2016	2015
	\$'000	\$'000

Note 2.3A: Suppliers

Trade creditors and accruals	5,959	5,607
Operating lease rentals	1,074	1,082
Total suppliers	7,033	6,689

Suppliers expected to be settled

No more than 12 months	5,731	5,629
More than 12 months	1,302	1,060
Total suppliers	7,033	6,689

Note 2.3B: Other Payables

Wages and salaries	198	1,744
Superannuation	35	302
Lease incentive ¹	14,668	3,454
Unearned income	4,268	1,443
Other	548	315
Total other payables	19,717	7,258

Other payables expected to be settled

No more than 12 months	5,226	2,499
More than 12 months	14,491	4,759
Total other payables	19,717	7,258

Accounting Policy*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. The agency has received incentives in the form of rent free periods and fit out contributions as part of negotiated property operating leases.

Note 2.4: Other Provisions

	2016	2015
	\$'000	\$'000

Note 2.4A: Provision for Onerous Lease Obligations

Onerous lease obligations	1,501	-
Total provision for onerous lease obligations	1,501	-

The ACC has made assumptions in reporting the provision for onerous lease obligation on a vacant office accommodation for the year ended 30 June 2016. The provision for onerous lease obligation is expected to be settled within the next 12 months.

Note 2.4B: Provision for Restoration Obligations¹

Opening balance	2,085	2,311
Additional provisions made	60	173
Amounts used	-	(239)
Amounts reversed	(26)	(234)
Unwinding of discount	49	74
Closing balance as at 30 June	2,168	2,085

The agency currently has 9 agreements (2015: 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.

1. Provision for restoration obligation is expected to be settled in more than 12 months.

Note 3.1: Appropriations

Note 3.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2016

	<i>Appropriation Act</i>	<i>PGPA Act</i>		<i>Appropriation applied in 2016 (current and prior years)</i>	
	Annual Appropriation	Section 74	Total appropriation		Variance¹
	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental					
Ordinary annual services	86,907	23,606	110,513	(111,787)	(1,274)
Capital Budget	2,673	-	2,673	(2,673)	-
Other services					
Equity	2,650	-	2,650	(732)	1,918
Total departmental	92,230	23,606	115,836	(115,192)	644

1. The variance of \$1.274m indicates the ACC spent some of its unused funds from last year towards capital projects. The variance of \$1.918m represents unused appropriation (equity injection) to be re-phased to future years.

Annual Appropriations for 2015

	<i>Appropriation Act</i>	<i>PGPA Act</i>		<i>Appropriation applied in 2015 (current and prior years)</i>	
	Annual¹	Section 74	Total appropriation		Variance²
	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental					
Ordinary annual services	93,381	12,789	106,170	(102,649)	3,521
Capital Budget	4,812	-	4,812	(4,812)	-
Other services					
Equity	3,422	-	3,422	(200)	3,222
Total departmental	101,615	12,789	114,404	(107,661)	6,743

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 unspent appropriation held to cover funding for on-going Information Development and Exploitation Program and National Criminal Intelligence System projects in 2015–16 financial year. The variance of \$3.222m in equity injection was re-phased to future years using Section 51 determination of the PGPA Act. This constitutes a permanent loss of control of that funding in the 2014–15 financial year.

Note 3.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2016	2015
	\$'000	\$'000
Departmental		
Appropriation Act (No.1) 2015–16 ¹	30,368	-
Appropriation Act (No.1) 2014–15 ²	-	32,574
Appropriation Act (No.4) 2014–15 ³	-	3,222
Appropriation Act (No.2) 2015–16 ⁴	1,918	-
Cash at bank	1,398	740
Total departmental	33,684	36,536

1. The Appropriation Act (No.1) balance for 2015–16 represents unused appropriation for the year.
2. The Appropriation Act (No.1) balance for 2014–15 represents unused appropriation for the year. This includes \$0.023m quarantined for implementation of mandatory telecommunications data retention.
3. The Appropriation Act (No.4) balance for 2014–15 represents unused appropriation re-phased to future years.
4. The Appropriation Act (No.2) 2015–16 represents unused non-operating equity injection to be re-phased to future years.

Note 3.2: Cash Flow Reconciliation

	2016 \$'000	2015 \$'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	1,398	740
Statement of financial position	1,398	740
Discrepancy	-	-
Reconciliation of net cost of services to net cash from operating activities		
Net cost of services	(96,818)	(99,653)
Revenue from Government - Departmental Appropriations	86,907	93,358
Section 74 receipts transferred to Official Public Account	(4,428)	(1,443)
Adjustments for non-cash items		
Depreciation/amortisation	9,834	6,888
Write-down and impairment of property, plant and equipment	1,137	19
Movements in assets and liabilities		
Assets		
(Increase)/decrease in net receivables	1,702	(3,070)
(Increase)/decrease in prepayments	12	132
Liabilities		
Increase/(decrease) in employee provisions	718	1,520
Increase /(decrease) in supplier payables	344	286
Increase/(decrease) in other payables	2,472	3,527
Increase/(decrease) in other provisions	1,550	(165)
Net cash from operating activities	3,430	1,399

Note 4.1: Employee Provisions

	2016	2015
	\$'000	\$'000

Note 4.1A: Employee Leave Provisions**Employee leave provisions expected to be settled**

No more than 12 months	6,844	6,718
More than 12 months	12,181	11,589
Total employee provisions	19,025	18,307

Note 4.2: Senior Management Personnel Remuneration

	2016	2015
	\$	\$

Short-term employee benefits

Salary	3,491,294	3,315,564
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Total short-term employee benefits	3,491,294	3,315,564
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Post-employment benefits

Superannuation	597,282	538,228
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Total post-employment benefits	597,282	538,228
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Other long-term employee benefits

Annual leave	281,939	235,579
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Long-service leave	87,870	81,667
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Total other long-term employee benefits	369,809	317,246
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Total senior management personnel remuneration expenses¹	4,458,385	4,171,038
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Total number of senior management personnel¹	21	20
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1. Includes substantive SES and staff acting as SES for greater than 6 months.

Note 5.1 : Financial Instruments

	Notes	2016 \$'000	2015 \$'000
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Note 5.1A: Categories of Financial Instruments

Financial Assets

Loans and receivables

Cash and cash equivalents		1,398	740
Trade and other receivables	2.1A	3,394	742
Total financial assets		4,792	1,482

Financial Liabilities

Financial liabilities measured at amortised cost

Trade creditors and accruals	2.3A	5,959	5,607
Total financial liabilities		5,959	5,607

Note 5.1B: Credit Risk

The ACC is exposed to minimal credit risk on financial assets, represented by cash and cash equivalents and trade and other receivables. This amount was equal to total receivables for services, in 2016: \$3.394m (2015: \$0.742m). The ACC has assessed the risk of the default on payment to be nil in 2016 (2015: Nil).

Note 5.1C: 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 6: Explanations of Major Variances Between Budget and Actual

A comparison of the original budget as presented in the 2015–16 Portfolio Budget Statements (PBS) and the revised budget presented for the Mid-Year Economic Fiscal Outlook (MYEFO) to the 2015–16 final outcome is 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 ACC, 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 2015–16 PBS and the actual outcome as reported in the financial statements.

Variances attributable to factors which would not reasonably have been identifiable at the time of the budget preparation, such as impairment of assets and revaluation of certain asset classes 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 numbers are 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 2015–16 financial year are published in the 2016–17 PBS.

(a) New measures

During the 2015–16 financial year the ACC was funded for new measures that resulted in increased operational activities. Due to the absence of Portfolio Additional Estimates Statements for 2015–16 the revised 2015–16 numbers were included in the 2016–17 PBS.

The new measures were:

- Confiscated Assets Account—crime prevention activities
- Attorney-General's—one-off efficiency savings to specific agencies
- Enhanced Protective Security Arrangements—law enforcement agencies
- Public Sector Superannuation Accumulation Plan administration fees.

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) Rendering of Services

The variance between original budget for 'Rendering of services' and the 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 2016–17 PBS.

(c) Gains from sale of assets and Other Revenue

The variance between the budget and the actual for 'Gains from sale of assets' and 'Other revenue' is due to the misclassification of the budget under 'Gains from sale of assets'.

(d) Depreciation and amortisation

The variance between the budget and the actual for 'Depreciation and amortisation' is due to depreciation on the leasehold improvement received free of charge for the 4 National Circuit in Barton.

Statement of Financial Position

The original budget was prepared before the 2014–15 actual figures could be known. As a consequence the opening balance of the 2015–16 Statement of Financial Position needed to be estimated and in some cases variances between the 2015–16 actual and budget numbers can be at least in part attributed to unanticipated movements in the prior period figures.

(e) Non-financial assets

The variance in the actual assets to 2015–16 PBS is mainly caused by the acquisitions of assets for the National Criminal Intelligence System (NCIS) program, Honeywell security system and back-up replacement projects. The impact of the independent valuation of non-financial assets that took place after the 2015–16 PBS also had an impact. The revised non-financial assets at the time of the 2016–17 PBS was consistent with the actual outcome, except for leasehold improvement provided free of charge at 4 National Circuit Barton.

(f) Trade and other receivables

The variance in the actual trade and other receivables compared to 2015–16 PBS is as a result of additional funding for operational activities in 2015–16 and 2016–17.

(g) Other payables

The variance in actual other payable compared to 2015–16 PBS is as a result of the lease incentive received on the leasehold improvements at the 4 National circuit Barton.

(h) Leases

The variance between the budget and the actual for 'Leases' and 'Suppliers' is due to the misclassification of 'Leases' under the interest bearing liabilities in the budget.

(i) Provision for restoration obligations

The variance between the budget and the actual for 'Provision for restoration obligations' is as a result of revaluation of the provision for the year.

(j) Provision for onerous lease obligations

The variance between the budget and the actual for 'Provision for onerous lease obligations' is as result of an office accommodation that became vacant during the 2015–16 financial year.

We **discover, understand** and
respond to federally relevant serious
and organised crime.



Chapter 5

Appendices

Appendix A: List of requirements	page 214
Appendix B: PBS excerpt	page 220
Appendix C: Work health and safety	page 222
Appendix D: Freedom of information report	page 226
Appendix E: Advertising and market research.....	page 230
Appendix F: Employee statistics	page 231
Glossary.....	page 237
Acronyms and abbreviations	page 241
Alphabetical index	page 242

Appendix A: List of requirements

As required, we have included the following list of requirements, as set out in the Public Governance, Performance and Accountability Amendment (Non-corporate Commonwealth Entity Annual Reporting) Rule 2016, as an aid to access.

Part of report	Description	Requirement	References
Letter of transmittal			
	A copy of the letter of transmittal signed and dated by the accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	Inside front cover
Aids to access			
	Table of contents.	Mandatory	Page 3
	Alphabetical index.	Mandatory	Page 242
	Glossary, abbreviations and acronyms.	Mandatory	Pages 237–41
	List of requirements.	Mandatory	Pages 214–19
	Details of contact officer.	Mandatory	Inside back cover
	Entity's website address.	Mandatory	Inside back cover
	Electronic address of report.	Mandatory	Inside back cover
Review by the accountable authority			
	A review by the accountable authority of the entity .	Mandatory	Pages 17–23
Overview of entity			
	A description of the role and functions of the entity.	Mandatory	Pages 8–9
	A description of the organisational structure of the entity.	Mandatory	Pages 9 and 18
	A description of the outcomes and programs administered by the entity.	Mandatory	Page 24
	A description of the purposes of the entity as included in the corporate plan.	Mandatory	Page 25
	An outline of the structure of the portfolio of the entity.	Portfolio departments Mandatory	Not applicable
	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

Part of report	Description	Requirement	References
Report on performance			
Annual performance statements			
	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the PGPA Rule.	Mandatory	Pages 27–113
	Report on financial performance.		Pages 15 and 175–211
	A discussion and analysis of the entity's financial performance.	Mandatory	Pages 15 and 176–183
	A table summarising the total resources and total payments of the entity.	Mandatory	Page 179
	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	Mandatory	Page 176
Management and accountability			
Corporate governance			
	Information on compliance with section 10 (fraud systems).	Mandatory	Inside front cover and pages 142–45
	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	Inside front cover
	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	Inside front cover
	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	Inside front cover

Appendix A: List of requirements (continued)

Part of report	Description	Requirement	References
	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	Pages 126–31
	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory	Not applicable
External scrutiny			
	Information on significant developments in external scrutiny and entity's response to the scrutiny.	Mandatory	Pages 146–57
	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory	Pages 154–7
	Information on any reports by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory	Page 154
	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	Not applicable
Management of human resources.			
	Assessment of the entity's effectiveness in managing and developing human resources to achieve entity objectives.	Mandatory	Pages 167–72
	Statistics on the entity's APS employees on an ongoing and non-ongoing basis, including the following: <ul style="list-style-type: none"> ■ statistics on staffing classification level ■ statistics on full-time employees ■ statistics on part-time employees ■ statistics on gender ■ statistics on staff location ■ statistics on employees who identify as Indigenous. 	Mandatory	Pages 158–66 and 231–6

Part of report	Description	Requirement	References
	Information on any enterprise agreements, individual flexibility arrangements, Australian Workplace Agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	Page 165
	Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c).	Mandatory	Page 165
	The salary ranges available for APS employees by classification level.	Mandatory	Page 165
	A description of non-salary benefits provided to employees.	Mandatory	Page 165
	Information on the number of employees at each classification level who receive performance pay.	If applicable, Mandatory	Page 165
	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	Page 165
	Information on aggregate amounts of performance payments.	If applicable, Mandatory	Page 165
Assets management			
	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	Mandatory	Pages 180–1
Purchasing			
	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	Page 182
Consultants			
	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	Page 182

Appendix A: List of requirements (continued)

Part of report	Description	Requirement	References
	A statement that 'During [reporting period], [specific number] new consultancy contracts were entered into involving total actual expenditure of \$[specific million]. In addition, [specific number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specific million]'.	Mandatory	Page 182
	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were engaged.	Mandatory	Page 182
	A statement that 'Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website'.	Mandatory	Page 182
Australian National Audit Office Access Clauses			
	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory	Page 182
Exempt contracts			
	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory	Page 183
Small business			
	A statement that '[Name of entity] 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'.	Mandatory	Page 183

Part of report	Description	Requirement	References
	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	Page 183
	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that '[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website'.	Mandatory	Page 183
Financial statements			
	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	Pages 184–211
Other mandatory information			
	If the entity conducted advertising campaigns, a statement that 'During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website'.	If applicable, Mandatory	Not applicable
	If the entity did not conduct advertising campaigns, a statement to that effect .	If applicable, Mandatory	Page 230
	A statement that 'Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity's website]'.	If applicable, Mandatory	Page 183
	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	Page 164
	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	Page 229
	Correction of material errors in previous annual report.	If applicable, Mandatory	Pages 36, 53, 65 and 109
	Information required by other legislation.	Mandatory	Pages 128, 172-3, 183, 222-5 and 230

Appendix B: Portfolio Business Statement excerpt

This report reviews our performance against the outcome strategy, deliverables and key performance indicators in our 2015–16 Portfolio Budget Statement. The relevant excerpt is included here. A link to our complete Portfolio Budget Statement is at <www.acic.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, and initiating preventative or disruptive responses with 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 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 including special coercive powers 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 developing new prevention strategies and contributing or leading nationally coordinated actions and activities through ACC Board-approved special investigations, special intelligence operations and joint task forces. The ACC will collaborate with partners to better understand the serious and organised crime environment and to influence or enable responses. The ACC will provide strategic criminal intelligence for its partner agencies across all levels of government. When combined with the ACC's specialist capabilities, including the ACC's coercive powers, this will enable the ACC to further develop 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 disabling or dismantling them through enforcement, as well as through regulation, policy or legislative responses that harden the environment.

Program 1.1 deliverables	Reference
Collect, correlate and analyse criminal information and intelligence, resulting in the dissemination of intelligence products and information; this includes the use of coercive powers, incorporating examinations as approved by the ACC Board.	Chapter 2
Advise and influence national decision-making through the provision of strategic criminal intelligence assessments and advice.	Chapter 2A
Undertake special intelligence operations relating to federally relevant criminal activity.	Chapter 2B
Undertake special investigations of federally relevant criminal activity.	Chapter 2B
Unite and facilitate national responses against serious and organised crime by: <ul style="list-style-type: none"> ■ establishing and participating in joint agency task forces ■ utilising national criminal intelligence-sharing mechanisms with partners ■ managing and maintaining the National Criminal Target List and National Targeting System ■ maintaining and providing relevant intelligence and information holdings (including national databases) to partners. 	Chapters 2B and 2C

Program 1.1 key performance indicators	Reference
<p>The ACC has a commitment to the quality of its performance reporting. The performance measurement framework that commenced in 2013 is being developed over the life of the ACC Strategic Plan 2013–18. New systems are being developed to collect performance data for assessment against the following indicators. This will enhance current performance monitoring with more meaningful qualitative data, as well as improve traditional quantitative performance data.</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 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 the hardening of the serious and organised crime environment. ■ The ACC influences or enables the disruption, disabling or dismantling of serious and organised crime entities. ■ The ACC participates in or coordinates collaboration in joint operations and investigations to prevent and disrupt serious and organised crime. 	Scorecard on pages 29–41

Appendix C: Work health and safety

Work health and safety priorities for 2015–16

This year we:

- strengthened our risk management arrangements with a focus on operational environments and engaging with stakeholders within those environments
- developed a *Strategic Work Health and Safety Plan* for 2016–17
- implemented tailored early intervention strategies and rehabilitation case management, leading to improved injury prevention and workers compensation performance.

Work health and safety management arrangements

Our National Work Health and Safety Committee meets quarterly and is responsible for:

- supporting the ACC Executive by helping to 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 work health and safety matters
- undertaking functions as prescribed in the *Work Health and Safety Act 2011* and Regulations.

Consultative arrangements

Our National Work Health and Safety Committee is the conduit for consultation with employees on all work health and safety issues.

Local Work Health and Safety Committees meet regularly and provide input to the National Committee.

We continue to use our communication strategy to support and enhance communication across the agency.

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. Details of key programs follow.

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 eighth 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.

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:

- provided access to an Employee Assistance Program which includes manager assistance, mediation services and other employee information/support services
- implemented targeted and random, unannounced drug and alcohol testing of high risk and non-high risk employees
- conducted regular workplace inspections to identify hazards and determine appropriate controls
- completed staff profiles on our agency's Health Officers and promoted them via the intranet and staff newsletter.

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 2015–16, we completed 231 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 2016–17 was set at 1.36 per cent, a decrease from the previous year. This can be attributed to the ACC's focus on early intervention and employees with psychological conditions.

There were two accepted workers compensation claims for injuries/disease during 2015–16, a decrease of four from the previous year.

Accepted compensation claims

Year	Accepted compensation claims
2011–12	5
2012–13	6
2013–14	4
2014–15	6
2015–16	2

Incident and injury

There were 25 injuries, incidents or hazards reported in 2015–16 (this does not include notifiable incidents). There was a decrease of 17 incidents this year, with slips, trips and falls being the most common incident mechanism.

Mechanism of injury

Mechanism of injury	2013–14	2014–15	2015–16
Being hit by moving object	0	2	3
Biological factors	0	0	0
Body stressing	16	17	4
Falls, trips, slips	5	6	9
Other and unspecified	8	10	7
Heat and electrical	0	1	0
Hazard report	2	6	2
Total	31	42	25

In 2015–16, 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
- work health and safety workplace training and information sessions.

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 was one notifiable incident during 2015–16. We reviewed the incident and implemented corrective actions to reduce the likelihood of a similar incident occurring in the future.

Work health and safety investigations

We were not subject to any external work health and safety investigations in 2015–16.

Appendix D: Freedom of information report

During 2015–16, the ACC received 20 requests for information under the *Freedom of Information Act 1982* (FOI Act).

Statement

Statement under section 8 of the FOI Act.

Prior to reforms that came into effect on 1 May 2011, section 8 of the FOI Act required agencies to publish annually statements containing particulars and information about their organisation, functions, decision-making powers, consultative arrangements, categories of documents maintained and facilities and procedures to enable members of the public to obtain access to documents under the FOI Act. These statements were required by the FOI Act to be included in the annual report of each agency.

From 1 May 2011 agencies subject to the FOI Act are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. An agency plan showing what information is published under the IPS requirements is accessible from our website.

The following statement is correct as at 30 June 2016.

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

As at 30 June 2016, the ACC was 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. As at 30 June 2016, they were:

- 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 three 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 (2014–15 and 2013–14 are 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 (the 2015 edition is 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
- Australia’s Response to Sexualised or Sexually Abusive Behaviours in Children and Young People
- 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*.

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 Criminal Intelligence Commission
GPO Box 1936
CANBERRA ACT 2601

Further information is available on our website <www.acic.gov.au> under the FOI and Information Publication Scheme links.

Appendix E: Advertising and market research

In 2015–16 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 \$12,700.

A total of \$17,930 (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		Secondees funded by jurisdiction		Task force staff funded by jurisdiction	
	2014–15	2015–16	2014–15	2015–16	2014–15	2015–16
Australian Commission for Law Enforcement Integrity			1			
Australian Federal Police	5	1	2	2	15	19
Australian Securities and Investments Commission				1		
Australian Taxation Office	2	1	1	3	3	2
Australian Transaction Reports and Analysis Centre			2		2	3
Australian Customs and Border Protection Service	2				2	
Australian Defence Force			1			
Clean Energy Regulator			1	1		
Crime and Corruption Commission (Qld)			1			1
Department of Corrections (Vic)			1			1
Department of Foreign Affairs and Trade			2	1		
Department of Human Services		1		1		
Department of Immigration and Border Protection		2		1		9
New South Wales Crime Commission						
NSW Police Force					2	4
Northern Territory Police	1	1				1
Queensland Police Service	3				5	16
South Australia Police	1		1	1	2	16
Tasmania Police	1	1				1
Victoria Police	3	4			3	5
Western Australia Police	5	3			1	4
Total	23	14	13	11	35	82

Appendix F: Employee statistics (continued)

APS staff employment capacity by location as at 30 June

Location	Full-time		Part-time		Casual	
	2014–15	2015–16	2014–15	2015–16	2014–15	2015–16
Sydney	116	107	17	21	1	2
Canberra	182	188	19	18		
Melbourne	96	92	14	13		2
Brisbane	70	75	7	9	2	2
Adelaide	21	21	10	9		1
Perth	23	26	2	2		
Darwin			1	1		
Hobart		1				
Dubai		1				
Hong Kong		1				
Washington		3				
Total	508	515	70	73	3	7

Note: Our Alice Springs office closed on 30 June 2014, and one of the three staff members in Washington as at 30 June was on a short-term deployment.

APS staff by classification as at 30 June

Classification	Classification totals	
	2014–15	2015–16
APS 1		2
APS 2	2	1
APS 3	32	35
APS 4	84	86
APS 5	80	75
APS 6	88	91
EL 1	205	219
EL 2	74	72
SES Band 1	8	7
SES Band 2	2	1
CEO	1	1
Examiner	5	5
Total	581	595

APS staff by classification and location as at 30 June

Classification	Sydney		Canberra		Melbourne		Brisbane	
	2014–15	2015–16	2014–15	2015–16	2014–15	2015–16	2014–15	2015–16
APS 1				2				
APS 2							1	
APS 3	7	5	2	8	11	10	5	7
APS 4	24	24	29	36	13	11	16	13
APS 5	26	21	29	25	11	12	9	10
APS 6	13	15	42	42	18	15	6	7
EL 1	51	52	57	56	44	45	29	36
EL 2	12	10	33	31	10	12	11	11
SES Band 1		1	6	5	1	1	1	1
SES Band 2			2	1				
CEO			1	1				
Examiner	1	1			2	2	1	1
Total	134	129	201	207	110	108	79	86

Classification	Adelaide		Perth		Darwin		Hobart	
	2014–15	2015–16	2014–15	2015–16	2014–15	2015–16	2014–15	2015–16
APS 1								
APS 2	1	1						
APS 3	4	4	3	1				
APS 4	1	1	1	1				
APS 5	5	4		2				1
APS 6	5	5	4	5				
EL 1	9	9	14	17	1	1		
EL 2	5	6	3	2				
SES Band 1								
SES Band 2								
CEO								
Examiner	1	1						
Total	31	31	25	28	1	1		1

Appendix F: Employee statistics (continued)

APS staff by classification and location as at 30 June (continued)

Classification	Dubai		Washington		Hong Kong	
	2014–15	2015–16	2014–15	2015–16	2014–15	2015–16
APS 1						
APS 2						
APS 3						
APS 4						
APS 5						
APS 6		1		1		
EL 1				2		1
EL 2						
SES Band 1						
SES Band 2						
CEO						
Examiner						
Total		1		3		1

Note: One of the three staff members in Washington as at 30 June was on a short-term deployment.

APS staff gender distribution by classification as at 30 June

Classification	Women		Men	
	2014–15	2015–16	2014–15	2015–16
APS 1		1		1
APS 2	1	1	1	
APS 3	27	30	5	5
APS 4	54	60	30	26
APS 5	59	52	21	23
APS 6	49	55	39	36
EL 1	64	68	141	151
EL 2	27	24	47	48
SES Band 1			8	7
SES Band 2	1		1	1
CEO			1	
Examiner	1	1	4	4
Total	283	292	298	302

APS staff turnover as at 30 June

Termination reason	2014–15	2015–16
Move to other APS agency	16	41
Resignation	23	34
Voluntary redundancy	14	4
Retired after age 55	5	3
Invalidity retirement	1	1
Completed non-ongoing contract	4	7
Retired under section 37 (SES)		
Early termination of non-ongoing contract	1	
Involuntary redundancy	4	2
Loss of qualification (section 29 3b of the Public Service Act)	1	
Death of employee		1
Total	69	93

Appendix F: Employee statistics (continued)

Ongoing and non-ongoing APS employees as at 30 June 2016

Category	Ongoing	Non-ongoing
Classification level		
APs 1		2
APS 2	1	
APS 3	30	5
APS 4	76	10
APS 5	73	2
APS 6	87	4
EL 1	211	8
EL 2	69	3
SES Band 1	7	
SES Band 2	1	
CEO		1
Examiner		5
Full-time/Part-time status		
Full-time	486	29
Part-time	69	11
Gender		
Male	282	22
Female	273	18
Location		
Sydney	107	23
Canberra	188	18
Melbourne	92	15
Brisbane	75	11
Adelaide	27	4
Perth	26	2
Darwin	1	
Dubai	1	
Hobart	1	
Hong Kong	1	
Washington	3	

Note: One of the three staff members in Washington as at 30 June was on a short-term deployment.

Staff who identify as Indigenous as at 30 June

Year	Ongoing	Non-ongoing
2014–15	9	
2015–16	9	2

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- methylenedioxymethamphetamine is used in this report.

MDMC (or 3,4-methylenedioxymethcathinone) is a controlled drug used as an 'ecstasy substitute'. Other naming conventions are acceptable including 3,4-MDMC and *bk*-MDMA.

Benzaldehyde

Benzaldehyde is a precursor chemical used in the phenyl-2-propanone (P2P) method of methylamphetamine production.

Coercive powers

See 'special powers'.

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.

Glossary (continued)

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 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.

Isosafrole

Isosafrole is an organic compound that is used in the fragrance industry. It is used illicitly in the manufacture of MDMA.

Ketamine

Ketamine is a general anaesthetic clinically used in medical and veterinary settings. It is used illicitly for its sedative and hallucinogenic effects.

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 (3,4methylenedioxymethamphetamine)

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.

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.

Glossary (continued)

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 or more years.

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>
ACIC	Australian Criminal Intelligence Commission
ACID	Australian Criminal Intelligence Database
ACIF	Australian Criminal Intelligence Forum
ACLEI	Australian Commission for Law Enforcement Integrity
AIC	Australian Institute of Criminology
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
EL1 and EL2	Executive Level 1 and Executive Level 2
FATF	Financial Action Task Force
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FOI	Freedom of information
ICT	Information and communication technology
JAG	Joint Analyst Group
JMG	Joint Management Group
KPI	Key Performance Indicator
MDA	3,4-methylenedioxyamphetamine
MDMA	3,4-methylenedioxymethamphetamine
PBS	Portfolio Budget Statement
SES	Senior Executive Service

Alphabetical index

3,4-methylenedioxymphetamine (MDA), 85, 89, 239
 3,4-methylenedioxymphetamine (MDMA), 46, 82, 84, 85, 91, 237, 239
 3,4-methylenedioxymethcathinone (MDMC), 237

A

abbreviations and acronyms, 241
 Aboriginal and Torres Strait Islander peoples
 participation and employment, 163
 ACC *see* Australian Crime Commission
 access clauses (contracts), 182
 accidents or dangerous occurrences, 225
 accountability *see* external scrutiny; internal governance
 achievements *see* performance (ACC)
 ACIC *see* Australian Criminal Intelligence Commission
 ACLEI *see* Australian Commission for Law Enforcement Integrity
 acronyms and abbreviations, 241
 address and contact details, *inside back cover*
 FOI matters, 229
Administrative Decisions (Judicial Review) Act 1977, 154
 Advection (Project), 94
 advertising and market research, 183, 230
 advice *see* policy submissions and advice
 Agency Multicultural Plan, 163
 agency resource statement, 179
 AIC *see* Australian Institute of Criminology
 Al Zarooni Exchange, 64, 66
 Alberta (Project), 89
 Alberta-Mede (Project), 89
 alcohol testing of staff, 223
 alerting services, 53, 77
 Altaf Khanani Money Laundering Organisation, 64, 66–7
 alternative banking services, 59
 Amery, Rod *see* Rod Amery Memorial Team Award
 amphetamine-type substances, 46, 237 *see also*
 MDMA (ecstasy); methylamphetamines
 analytical tools *see* national criminal databases
 ANAO *see* Australian National Audit Office
 annual report award, 132
 annual report corrections (previous annual reports), 36, 65, 109
Anti-Money Laundering/and Counter-Terrorism Financing Act 2006, 64
 Aperio (Project), 90
 approach (ACC), 1, 8, 13
 appropriation (ACC), 177 *see also* financial management
 arrests, 18, 39, 46, 56, 57, 62, 63, 64, 82
 asset management, 180–1
 assets restrained *see* criminal assets restrained
 assumed identities, 141
 Astor (Project), 65
 Attorney-General's Department, 50, 68
 Audit Committee, 127, 140–1
 Auditor-General, 140
 contract access clauses, 182
 audits
 ANAO performance audits, 154
 independent auditor's report, 184–5
 internal auditing, 140
 AusTender, 183
 AUSTRAC *see* Australian Transaction Reports and Analysis Centre
 Australasian Reporting Awards, ACC annual report award, 132
 Australian Border Force, 63, 75, 76, 99
 Australian Commission for Law Enforcement Integrity, 76, 153
 ACC MoU with, 145
 Community of Practice for Corruption Prevention, 145
 corruption allegation referrals, 144, 153
 Australian Counter-Terrorism Centre, 95
 Australian Crime Commission
 about the ACC, 1, 8–10
 address and contact details, *inside back cover*
 agency resource statement, 179
 AIC co-location with, 181
 annual report award, 132
 Board *see* Australian Crime Commission Board
 contempt of, 156
 context, 1, 11, 117
 CrimTrac merger with, 13, 14, 17, 22–3, 113, 156
 decision-making powers, 227
 establishment, 226
 external scrutiny, 146–57, 228
 history, 12–14
 Inter-Governmental Committee, 149, 228
 legislative framework, 117, 156, 226
 looking forward, 113, 130, 137
 objectives, 29, 220
 outcome statement, 1, 24, 29, 220
 performance *see* performance (ACC)
 planning *see* plans and planning
 role and functions, 1, 8, 9, 226–7
 special (coercive) powers, 125, 157, 240
 see also financial management; internal governance; performance (ACC); staff
 Australian Crime Commission Act 2002, 125, 149, 150, 156
 ACC establishment, 117, 226
 ACIC and, 156
 amendments, 156, 157
 review of, 51, 152

- Australian Crime Commission Amendment (Criminology Research) Bill 2015, 152, 157
 - Australian Crime Commission Amendment (National Policing Information) Act 2016*, 156
 - Australian Crime Commission Amendment (National Policing Information) Regulation 2016, 156
 - Australian Crime Commission Board
 - Chair, 150
 - decisions and considerations, 151–2
 - determinations, 56–105, 130–1, 151–2, 154–5
 - membership, 11, 150, 152
 - role, 11, 150, 156, 228
 - Australian Crime Commission (National Policing Information Charges) Act 2016*, 156
 - Australian Crime Commission (National Policing Information Charges) Determination 2016*, 156
 - Australian Criminal Intelligence Commission, 14, 17, 22–3
 - charging regime, 156
 - legislation, 156
 - performance framework development, 137
 - priorities in coming year, 113
 - proposed merger of AIC into ACIC, 13, 14, 22, 130, 152, 157
 - strategic planning, 130
 - Australian Criminal Intelligence Database, 109, 110 *see also* National Criminal Intelligence System Pilot Program
 - Australian Criminal Intelligence Forum, 50, 153, 170
 - Australian Criminal Intelligence Model, 153
 - Australian Cyber Security Centre, 95, 97, 132
 - Australian Cyber Security Strategy, 20, 132
 - Australian Cybercrime Online Reporting Network (ACORN), 20, 56, 98–9, 133
 - Australian Defence Force Academy, sexual abuse at, 152
 - Australian Federal Police, 17, 64, 65, 66–7, 75, 76, 97, 134, 135
 - Australian Gangs Intelligence Coordination Centre, 18, 53, 56, 80–1, 82, 167
 - Australian Government Security Vetting Agency, 142
 - Australian Institute of Criminology
 - co-location with ACC, 181
 - Director, 119
 - proposed merge into ACIC, 13, 14, 22, 130, 152, 157
 - research, 23, 49, 100
 - Australian Law Enforcement Intelligence Network, 108, 110
 - desks, defined, 237
 - Australian Law Reform Commission, 50
 - The Australian methylamphetamine market: The national picture*, 86
 - Australian National Audit Office, 140, 141
 - independent auditor's report, 184–5
 - performance audits, 154
 - Australian Public Service Commission 'Census' survey process, 172
 - Australian Public Service Values and Code of Conduct
 - alleged breaches of, 144
 - staff workshops, 171
 - Australian Securities and Investments Commission, 68
 - Australian Taxation Office, 65, 68, 70, 74
 - Australian Transaction Reports and Analysis Centre (AUSTRAC), 17, 61, 68, 70, 73
 - authorisations *see* determinations
 - awards
 - ACC Remuneration and Awards Committee, 128
 - annual report award, 132
 - recognition of staff contribution, 167
- B**
- banking sector crime *see* financial crime
 - banking services, alternative, 59
 - Bartlett, Sayers, Grace and Dunn prosecution, 155
 - benzaldehyde, 46, 237
 - Board *see* Australian Crime Commission Board
 - bookmakers, offshore unregulated, 100, 152
 - Bowen, Geoffrey *see* Geoffrey Bowen Memorial Award
 - Branch Plans, 130
 - building capability *see* capabilities (ACC)
 - business plans and planning *see* plans and planning
- C**
- cannabis
 - seizures, 46, 63, 82
 - use for medicinal and research purposes, 50
 - capability development, 132–5
 - cash seizures, 21, 56, 60, 62, 65, 75, 76, 82
 - CERT Australia, 97
 - chemicals at risk of diversion for illicit drug manufacture, 89 *see also* precursor chemicals
 - cheque encashment services, 60, 64
 - Chief Executive Officer, 119
 - awards program (staff recognition), 167
 - committee membership, 51
 - remuneration, 166
 - review of year, 17–23
 - Child Sex Offences No. 2 Special Operation, 25, 105
 - clandestine laboratories, 46, 89, 90
 - database, 112
 - cocaine, 46, 76, 82
 - coercive examinations
 - number conducted, 4, 21, 56, 58, 72, 78, 79, 85, 93, 96, 99, 102
 - trends, 33
 - see also* Examinations and examination materials

- coercive powers, 125, 157, 240
- collaboration
 - international, 17, 18, 51, 60, 61, 70, 134
 - with stakeholders, 51
 - see also engagement; Fusion; special operations; task forces
- Comcare notifiable incidents, 225
- Comcover risk benchmarking exercise, 141
- Commission Executive Committee, 126
- committees (ACC), 126–9, 222
- Commonwealth Director of Public Prosecutions, 68
- Commonwealth Fraud Control Framework, 144
- Commonwealth Ombudsman, 140, 154
- Commonwealth Organised Crime Strategic Framework, 237, 239
- Commonwealth Unexplained Wealth Application, 65
- communication within ACC, 143
- communications technology see information technology
- community information and engagement, 139
- Community of Practice for Corruption Prevention, 145
- conferences, 97, 135
- confiscated assets see criminal assets restrained
- Confiscated Assets Account see funding under *Proceeds of Crime Act 2002*
- conflict of interest declarations (ACC), 143
- compensation claims see workers compensation consultants, 182
- consultative arrangements
 - ACC staff, 128, 172, 222
 - external, 228
 - see also engagement; stakeholders
- contact officer, *inside front cover*
- FOI matters, 229
- contempt of the ACC, 156
- context (ACC), 1, 11, 117
- contribution (ACC), 8
- controlled operations, 237
- convictions, 4, 20, 21, 56, 57, 60, 63, 65, 68, 75, 155
- Corktree (Project), 102
- corporate governance (internal governance), 117–45
- Corporate Plan 2015–19*, 24, 25, 130
- corrections to previous annual reports, 65, 109
- corruption
 - prevention within ACC, 142–5
 - public sector, 100
- costs of serious and organised crime, 16, 19, 49, 133
- Council of Australian Governments, 21, 86, 88
- counter terrorism, 20, 94–5, 152
- counterfeit cigarettes, 65
- counterfeit food, 105
- court cases see judicial decisions
- Criminal Assets Confiscation Taskforce, 56, 60, 65, 133
- criminal assets restrained, 21, 56
 - value, 21, 56, 60, 62, 65, 75, 76, 82
 - see also funding under *Proceeds of Crime Act 2002*; Targeting Criminal Wealth Special Investigation
- criminal entities, defined, 238
- criminal gangs threat see Australian Gangs Intelligence Coordination Centre; Gangs Intelligence Hub; National Anti-Gangs Squad; National Gangs List; organised crime; outlaw motor cycle gangs
- criminal intelligence model, 153
- criminal intelligence products see intelligence products and publications
- criminal intelligence systems, defined, 237 see also national criminal databases
- Criminal Intelligence Working Group see Australian Criminal Intelligence Forum
- criminal investigations see special investigations
- criminal profit
 - ACC work against, 58–78
- criminal targets see Highest Risk Criminal Targets Special Investigation; National Criminal Target List; Targeting Criminal Wealth Special Investigation
- criminal threats ranking see National Criminal Intelligence Priorities
- criminal wealth see criminal assets restrained; Targeting Criminal Wealth No. 2 Special Investigation
- criminals see National Criminal Target List; organised crime; outlaw motorcycle gangs
- Criminology Research Act 1971*, 157
- CrimTrac
 - abolished as an Executive Agency, 156
 - information systems, 99
 - merger with ACC, 13, 14, 17, 22–3, 156
- crystal methylamphetamine (ice), 21, 63, 237
 - market, 86–7
 - parliamentary inquiry, 52
 - seizures, 63, 74, 75, 76
 - trafficking, 63
 - see also methylamphetamines
- cultural diversity (ACC staff and workplace), 162
- culture strategy and plan (ACC), 164
- currencies, virtual, 100
- Cyber Capability Strategy (ACC), 132–3
- Cyber Policy Group, 51
- Cyber Security Group, 51
- Cyber Security Operations Board, 51
- Cyber Security Strategy, 97
- cybercrime, 20, 97–9
 - capability strategy (ACC), 132–3
 - see also Australian Cyber Security Centre
- dangerous occurrences, 225
- darknets, 100

databases and analytical tools *see* national criminal databases
 decision-making powers (ACC), 227
 Defence Abuse Response Taskforce, 152
 deliverables, 221 *see also* performance (ACC)
 Department of Agriculture and Water Resources, 103
 Department of Health, 50
 Office of Sport, 100
 Department of Immigration and Border Protection, 17, 70, 74
 Department of the Environment, 101
 Desks (ALEIN), defined, 237
 determinations (ACC Board), 56–105, 130–1, 151–2, 154–5
 authorisations, 151
 defined, 237
 upheld in court, 155
 dimethyltryptamine (DMT), 91
 disability strategy, 164
 ‘discover, understand, respond’ approach, 13, 21, 30, 136, 137
 disruptions of criminal behaviour or entities *see* under organised crime
 diversity (ACC staff), 162
Diversity Strategy 2015–17, 162
 DMT (dimethyltryptamine), 91
 documents available (FOI), 228–9
 drug abuse *see* illicit drug use
 Drug and Alcohol Policy (ACC), 128, 223
 drug precursors *see* precursor chemicals
 drug seizures *see* illicit drug seizures
 drug trafficking, 62, 63, 70, 74, 79, 85, 89, 91, 100
 see also illicit drugs; *and names or types of drugs*
Dugong and Turtle Protection Plan, 101
 Dunn prosecution, 155

E
 ecologically sustainable development, 173
 ecstasy (MDMA), 46, 82, 91, 237
 Eligo 2 National Task Force, 18, 58, 61–4
 Eligo National Task Force, 65, 66, 133
 Emerging Organised Crime Threats Special Operation, 105
 Emissions Reduction Fund, 104
 employees *see* staff
 encrypted communications, 64, 99–100
 engagement
 community information and engagement, 139
 international, 51, 61, 97, 134–5
 national, 51
 see also collaboration; stakeholder research
 enterprise agreements, 165
 entity, defined, 238
 environment hardening, defined, 238
Environment Protection and Biodiversity Conservation Act 1999, 173
 environmental performance, 173

established criminal networks *see* organised crime
 estimated street value, defined, 238 *see also* illicit drug seizures
 Examinations and examination materials, 157, 238
 see also coercive examinations
 Examiners, 125, 156, 238
 remuneration, 166
 Excellence in Compliance Strategy, 154
 Executive Directors (ACC), 119, 123, 124
 committee membership, 51
 Executive Health Panel, 128
 Executive Leadership Group, 126
 exempt contracts, 183
 expenditure (ACC), 176
 expenditure by staffing and outcome, 180
 see also financial management (ACC)
 external scrutiny, 146–57, 228
 external accountability structure, 146

F
 Federal Bureau of Investigation
 International Cyber Crime Coordination Cell (IC4), 97, 134, 135
 Federal Court *see* judicial decisions
 federally relevant criminal activity, defined, 238
 fentanyl, 90, 91
 Financial Action Task Force, 60
 Financial Capability Strategy (ACC), 133
 financial crime, 20, 59–60, 64, 68
 capability strategy (ACC), 133
 virtual currencies, 100
 see also money laundering; Targeting Criminal Wealth Special Investigation; tax evasion and fraud; Wickenby
 Financial Crime Risk Assessment, 68
 financial management
 agency resource statement, 179
 financial performance, 15, 176–83
 financial statements, 184–211
 funding under *Proceeds of Crime Act 2002*, 21, 51, 112, 134
 snapshot of results, 5
 Finks outlaw motorcycle gang, 75
 firearms *see* illicit firearms
 Five Eyes Law Enforcement Group, 60, 66, 134
 working groups, 134
 flagship publications, 42, 44–7 *see also* intelligence products and publications
 food counterfeiting, 105
 foreign exchange trading, 59
 foreign fighters, 94 *see also* counter terrorism
 fraud and corruption control (ACC), 142, 144–5
 fraud and misappropriation *see* financial crime
 freedom of information, 154
 address for requests, 229
 report, 226–9
 functions (ACC), 1, 8, 9, 226–7
 funding under *Proceeds of Crime Act 2002*, 21, 51, 112, 134

Fusion (National Criminal Intelligence Fusion Capability), 72, 239
future (looking forward), 113, 130, 137 *see also* Australian Criminal Intelligence Commission

G

gangs *see* Australian Gangs Intelligence Coordination Centre; Gangs Intelligence Hub; National Anti-Gangs Squad; National Gangs List; organised crime; outlaw motor cycle gangs
Gangs Intelligence Hub, 81
Geoffrey Bowen Memorial Award, 167
governance *see* internal governance
grants, 183

H

Haldus (Project), 94
hallucinogens, 91
hardening the environment, defined, 238
harms assessment, defined, 239
Heads of Commonwealth Operational Law Enforcement Agencies, 51, 228
health and safety management arrangements *see* work health and safety
heroin, 46, 85, 91
High Court *see* judicial decisions
High Risk and Emerging Drugs Special Operation, 84–92
Highest Risk Criminal Targets Special Investigation, 25, 72–7, 78, 155
Highest Risk Criminal Targets—South Australia Special Investigation, 78
Highest Risk Criminal Targets—Victoria Special Investigation, 78
human resources *see* staff
Human Source Management Committee, 128

I

ice (illicit drug) *see* crystal methamphetamine (ice)
Iceberg (Project), 74
identities, assumed, 141
Illicit Drug Data Report, 19, 46
illicit drug seizures
 estimated street value, 21, 56, 60, 62, 75, 76
 number and weight, 46, 62, 75, 76, 82
illicit drug use, 21, 46
 poly-drug use, 89, 90, 91
illicit drugs
 arrests, 39, 46, 62, 63, 64, 76, 82
 manufacturing techniques, 89
 markets, 25, 86–7, 91
 special operations, 84–92
 see also clandestine laboratories; drug trafficking; pharmaceutical drugs, non-medical use; precursor chemicals; *and names or types of specific drugs*

illicit firearms
 assessments, 99
 seizures, 21, 82
 tracing service, 54, 99
illicit tobacco trade
 parliamentary inquiry, 52
 seizures, 65
incident and injury, 224–5
informants program, 128
Information Publication Scheme, 154
information reports *see* intelligence products and publications
information technology
 analytical tools *see* national criminal databases
 cybercrime *see* cybercrime
 governance committee, 127
injury, mechanism of, 224–5
integrity and security (ACC), 142–5
 approach, 142–3
 fraud and corruption control, 144–5
 integrity assurance, 144
 misconduct allegations, 143, 144, 145
 security incidents reported, 143
Integrity Assurance Team (ACC), 143, 144
intelligence operations *see* Projects; special investigations; special operations; task forces
intelligence products and publications
 alerts, 53, 77
 analytical and tactical products, 53
 analytical tools *see* national criminal databases
 flagship publications, 42, 44–7
 intelligence (types of), defined, 239
 output statistics, 19, 42, 53, 73, 80, 85, 93, 96, 102–3, 105
 parliamentary inquiry contributions, 52
 policy submissions, 50–1
 responses to requests for information, 54
 scorecard, 55
 snapshot of performance, 42
 strategic assessments, 19, 47, 105
 strategic insights, 19, 48, 104
 see also national criminal databases
Inter-Governmental Committee on the ACC, 149, 228
internal audit arrangements, 140
internal governance, 117–45
International Capability Strategy (ACC), 134
international collaboration, 17, 18, 51, 60, 61, 70, 134
International Cyber Crime Coordination Cell (IC4), 97, 134, 135
international deployments, 17, 70, 134
international engagement, 51, 61, 97, 134–5
international Five Eyes Law Enforcement Group
 see Five Eyes Law Enforcement Group
international money laundering *see* money laundering
international partners, 18, 61, 134
Investigation and Operation Plans, 130

investigations and intelligence operations *see*
special investigations; special operations
isosafrole, 64, 239

J

Jacto (Project), 99
Jawun Secondment Program, 163
Jericho (Task Force), 74
Joint Analyst Groups, 45, 73, 74
Joint Management Groups, 45
joint operations, 21 *see also* special investigations;
special operations; task forces
judicial decisions, 154–5
Judiciary Act 1903, 154

K

Kardinia (Project), 99
Keenan, Hon Michael, 147
ketamine, 63, 239
key performance indicators *see* performance (ACC)
Khanani Money Laundering Organisation, 64, 66

L

laboratories, clandestine *see* clandestine
laboratories
Law, Crime and Community Safety Council, 13,
22, 51
Law Enforcement Integrity Commissioner Act
2006, 153
Law Enforcement Legislation Amendment (Powers)
Act 2015, 157
leadership and management development, 168,
170–1
learning and development, 142, 143, 168–71
Legion (Project), 81
legislation
legislative changes, 156–7
legislative framework for ACC, 117, 226
letter of transmittal, *inside front cover*
litigation *see* court cases
Local Consultative Committees (ACC), 128, 222
Local Work Health and Safety Committees (ACC),
128
Longstrike (Project), 97, 100
looking forward, 113, 130, 137
LSD (lysergic acid diethylamide), 91
LX v Commonwealth of Australia, 155
LXXXVI v Commonwealth of Australia, 155

M

Macroburst (Project), 74
Making Australia Hostile to Serious and Organised
Crime Special Operation, 25, 96–101
management and accountability, snapshots
of performance, 116 *see also* internal
governance
Management Review Board, 129

market research, 183, 230
MDA (3,4-methylenedioxyamphetamine), 85, 89,
239
MDMA (ecstasy), 46, 82, 84, 85, 91, 237, 239
MDMC (3,4-methylenedioxymethcathinone), 237
media coverage of ACC role and activities, 139
Memorandum of Understanding with ACLEI, 145
Mentoring Program (ACC), 170
methamphetamine, 237
importation methods, 64
market, 86–7
seizures, 62
trafficking, 63
see also amphetamine-type substances; crystal
methamphetamine (ice); MDA; MDMA
(ecstasy)
migration fraud *see* visa and migration fraud
Minister, 22, 117, 146, 147
Ministerial Council for Police and Emergency
Management—Police, 228
misconduct allegations and management (ACC),
143, 144, 145
mission (ACIC), 14
money laundering, 18, 58, 60, 61, 79, 100
designated entities, 64, 66–7
international money launderer case study, 66
magnitude, 66
see also Targeting Criminal Wealth Special
Investigation
Morpheus (Operation), 18, 82–3
Mossack Fonseca, 70–1
motor cycle gangs *see* outlaw motor cycle gangs
Multicultural Plan, 163
Muskwood (Project), 99
Mylonite (Project), 99

N

Narcotic Drugs Amendment Act 2016, 50
National Anti-Gangs Squad, 82
National Clandestine Laboratory Database, 112
National Consultative Committee (ACC), 128
national criminal databases, 72, 239, 106–12
alerting services, 53, 77
snapshot of performance, 106
see also intelligence products and publications;
and names of specific systems
National Criminal Intelligence Fusion Capability,
72, 239
National Criminal Intelligence Priorities, 48, 239
National Criminal Intelligence System Pilot
Program, 22, 107, 110–11, 112
National Criminal Target List, 45, 74, 76–7
additions to, 4, 21, 31, 56, 58, 72, 74, 93, 96
National Criminal Target Report, 19, 45
National Cyber Investigative Joint Task Force –
International Cyber Crime Coordination Cell
(IC4), 134
National Cybercrime Working Group, 51
National Disability Recruitment Coordinator, 164

National Drug Strategy, 84
 National Gangs List, 77, 81
 National Ice Action Strategy, 21, 50, 86, 88
 National Ice Taskforce, 21, 50, 86, 88–9
 National Intelligence Coordination Committee, 51, 95
 National Justice and Policing Senior Officers Group, 51
 National Managers (ACC), 120, 123–5
 National OMCG Managers Group, 81
National Organised Crime Response Plan 2015–18, 239
 national security, 25, 93–5
 National Security Impacts from Serious and Organised Crime Special Operation, 93–4
 National Target System, 77, 81
 National Work Health and Safety Committee (ACC), 128, 222
 NCIS see National Criminal Intelligence System Pilot Program
 New South Wales Crime Commission, 75
 New South Wales Joint Organised Crime Group, 75
 New South Wales Police Force, 75
 New Zealand, collaboration with, 77, 81, 134
 non-salary benefits, 165
 notifiable incidents, 225
 Nox (Project), 99

O

objectives (ACC), 29, 220 *see also* roles and functions
 offices of the ACC, 181, 252
 offshore tax schemes *see* tax evasion and fraud
 offshore unregulated bookmakers, 100, 152
 Ombudsman, 140, 154
 ‘one percenters’, 81, 82 *see also* outlaw motor cycle gangs
 online banking, 59
 online crime *see* cybercrime
 Operation Morpheus, 18, 82–3
 operational intelligence, defined, 239
 operational plans *see* business plans and planning
 opioids, 46, 85, 90, 91
 Organisational Health Committee, 127
 organisational structure, 9, 118
 organised crime
 challenges, 16
 costs of, 16, 19, 49, 133
 and counterfeit food, 105
 defined, 240
 disruptions to, 4, 21, 57, 60, 75
 disruptions to, defined, 238
 and Emissions Reduction Fund, 104
 national security impacts, 25, 93–4
 special operations, 96–101
 and sport, 90
 threat to good governance, 104
 use of virtual currencies, 100
 see also drug trafficking; outlaw motor cycle gangs; special investigations; special operations
Organised Crime 2025 report, 47
Organised Crime in Australia reports, 45, 47
 Organised Crime Management Committee, 127
Organised Crime Threat Assessment, 19, 44, 45, 240
 outcome and program structure, 24
 expenditure by staffing and outcome, 180
 outcome statement, 1, 24, 29, 220
 progress against KPIs *see* performance (ACC)
 outlaw motor cycle gangs, 18, 79–83
 conference on countering OMCG, 135
 gangs and members, 79
 intelligence hub, 81
 membership lists, 81
 special investigations, 75, 78
 special operations, 25, 78, 79–80, 82–3
 standardised definition, 82
 visa cancellations, 18
 Outlaw Motor Cycle Gangs Special Operation, 25, 78, 79–80, 82–3
 outlook *see* looking forward
 overview of ACC, 8–16
 oxycodone, 90, 91

P

Panama papers, 70–1, 74
 parliamentary committees and inquiries, contributions to, 52, 147
 Parliamentary Joint Committee on Law Enforcement
 inquiry into crystal methamphetamine (ice), 52, 147
 inquiry into illicit tobacco, 52, 147
 membership and duties, 148
 scrutiny of ACC, 228
 submissions to, 52
 pay *see* remuneration
 people management *see* staff
 performance (ACC)
 basis for performance assessment, 2, 29–30, 135–7
 financial performance, 15, 176–83
 framework, 136, 137
 indicators, 136, 137, 221
 priorities, 25
 scorecard against KPIs, 29–41
 snapshots, 4, 5, 42, 56, 106, 116
 statement concerning annual performance statements, 28
 performance development (ACC staff), 165, 167 *see also* learning and development
 performance payments, 165
 personnel *see* staff
 Petram (Project), 100, 152
 pharmaceutical drugs
 non-medical use, 85, 90, 91
 theft and diversion, 90
Picture of Criminality in Australia, 44, 53, 239, 240

- plans and planning, 129–31
 - Agency Multicultural Plan, 163
 - audit plan, 140
 - Branch Plans, 130
 - business planning system, 130
 - corporate plan, 24, 25, 130
 - culture strategy and plan, 164
 - fraud control, 144
 - Investigation and Operation Plans, 130
 - Reconciliation Action Plan, 163
 - risk management, 130, 141
 - strategic plan and planning process, 129, 130, 131
 - workforce planning, 168
 - Polaris (Task Force), 74
 - police force seconded staff, 158–9, 231 *see also* seconded staff
 - policy submissions and advice, 50–2 *see also* products and publications
 - poly-drug use, 89, 91
 - Portfolio Budget Statement, 24, 29
 - excerpt, 220–1
 - portfolio membership, 117, 146
 - precursor chemicals
 - information resource, 89
 - seizures, 46, 56, 64, 89, 90
 - Precursor Chemicals Information Resource 2016*, 89
 - innovation award, 167
 - Price, Sharon *see* Sharon Price Memorial Innovation Award
 - priorities (ACC), 25
 - priorities in coming year (ACIC), 113
 - proceeds of crime *see* criminal assets restrained; Targeting Criminal Wealth Special Investigation
 - Proceeds of Crime Act 2002*, funding under, 21, 51, 112, 134
 - procurement, 182–3
 - products and publications *see* intelligence products and publications
 - professional development (staff), 171 *see also* learning and development
 - professional facilitators enabling serious financial crime, 60, 61
 - Program 1.1, 220–1 *see also* outcome and program structure
 - program performance *see* performance (ACC)
 - Projects
 - Advection, 94
 - Alberta, 89
 - Alberta-Mede, 89
 - Aperio, 90
 - Astor, 65
 - Corktree, 102
 - Haldus, 94
 - Iceberg, 74
 - Jacto, 99
 - Kardinia, 99
 - Legion, 81
 - Longstrike, 97, 100
 - Macroburst, 74
 - Muskwood, 99
 - Mylonite, 99
 - Nox, 99
 - Petram, 100, 152
 - Ridgeline, 94
 - Ridgeline-Blackthorn, 93
 - Ridgeline-Pinecrest, 94
 - Rosencrantz, 73, 77
 - Sinis, 99
 - Skywatch, 102
 - Sycamore, 100
 - Wickenby, 20, 68
 - property strategy, 181
 - Protective Security Policy Framework, 143
 - public awareness of ACC role and activities, 139
 - Public Governance, Performance and Accountability Act 2013*, 117, 130, 140, 182
 - public interest disclosure, 142
 - public sector corruption, 100
 - Public Service Act 1999*, 117
 - publications *see* intelligence products and publications
 - purchasing, 182–3
 - purpose statement *see* roles and functions
- Q**
- Queensland Department of Environment and Heritage Protection, 102, 103
 - Queensland Police Service, 64, 90, 102
 - Quintet of Attorneys-General, 134
- R**
- real estate sector, 73
 - Reconciliation Action Plan, 163
 - Reef 2050 Plan*, 101
 - rehabilitation and injury management (ACC), 224–5
 - remuneration
 - APS employees, 165
 - CEO and Examiners, 166
 - non-salary benefits, 165
 - SES, 166
 - Remuneration and Awards Committee (ACC), 128
 - reporting about potential issues of concern, 143
 - reports *see* intelligence products and publications
 - research (stakeholder research) *see* stakeholder research
 - revenue (ACC), 176, 178 *see also* financial management (ACC)
 - Ridgeline (Project), 94
 - Ridgeline-Blackthorn (Project), 93
 - Ridgeline-Pinecrest (Project), 94
 - risk management, 141
 - committee oversight, 127, 141
 - risk planning, 130
 - Rod Amery Memorial Team Award, 167
 - role and functions (ACC), 1, 8, 9, 226–7
 - Rosencrantz (Project), 73, 77

S

- safety *see* work health and safety
- salaries *see* remuneration
- scorecards *see* performance (ACC)
- scrutiny *see* external scrutiny
- seconded staff, 158–9, 231
- security
 - in ACC, 142–5
 - national, 25, 93–5
- seizures *see* cash seizures; criminal assets
 - restrained; illicit drug seizures
- self-managed superannuation funds, 59
- Senate Economics Committee inquiry into the
 - third party certification of food, 52, 147
- Senate References Committee on Legal and
 - Constitutional Affairs, 147
- Senior Executive Service officers
 - employment arrangements, 166
 - gender, 162
 - numbers, 161
- senior executive team, 117–25
- senior management committees, 126–8
- Senior Officer's Group on Organised Crime, 51
- serious and organised crime, defined, 240 *see also*
 - organised crime
- Serious Financial Crime Taskforce, 20, 59, 60, 68,
 - 70–1, 133 *see also* financial crime
- Serious Organised Crime Coordination Committee,
 - 86
- shamanism, 91
- Sharon Price Memorial Innovation Award, 167
- Sinis (Project), 99
- Skywatch (Project), 102
- small business participation in procurement, 183
- snapshots of performance *see* performance (ACC)
- social media activity, 139
- South Australia, special investigations, 78
- South Australia Police, 78
- special (coercive) powers, 240 *see also* coercive
 - examinations
- special investigations
 - ACC Board authorisations, 151
 - defined, 240
 - performance scorecards, 69, 77
 - snapshot of performance, 56
 - by name:*
 - Highest Risk Criminal Targets, 25, 72–7, 78, 155
 - Highest Risk Criminal Targets—South Australia,
 - 78
 - Highest Risk Criminal Targets—Victoria, 78
 - Targeting Criminal Wealth, 25, 58–60, 69
- special operations
 - ACC Board authorisations, 151
 - defined, 240
 - performance scorecards, 83, 92, 95, 101
 - snapshot of performance, 56
 - by name:*
 - Child Sex Offences No. 2, 25, 105
 - High Risk and Emerging Drugs No. 2, 84–92
 - Making Australia Hostile to Serious and
 - Organised Crime No. 2, 25, 96–101
 - National Security Impacts from Serious and
 - Organised Crime No. 2, 93–4
 - Outlaw Motor Cycle Gangs, 25, 78, 79–80,
 - 82–3
- sponsorships, 183
- sport
 - offshore unregulated bookmakers, 100, 152
 - organised crime threats to, 90
- staff
 - age profile, 162
 - average staffing level, 159, 180
 - awards (recognition), 167
 - classification levels, 161, 232–4, 236
 - consultative arrangements, 128, 172, 222
 - cultural diversity, 162
 - with disability, 164
 - drug and alcohol tests, 223
 - employment arrangements, 165
 - employment capacity, 232, 236
 - enterprise agreement, 165
 - gender balance, 162, 234, 236
 - health, wellbeing and safety, 128, 172, 222–5
 - identifying as Indigenous, 163, 236
 - induction, 143
 - integrity and security assurance, 142–3
 - locations, 160–1, 232, 233–4, 236
 - numbers, 158–61, 231–6
 - performance development, 167
 - profile and trends, 158–61
 - remuneration and benefits, 165–6
 - retention and turnover, 166, 235
 - screening processes, 142
 - seconded staff, 158–9, 231
 - Senior Executive Service officers, 161, 162, 166
 - snapshots of people (statistics), 5, 116
 - staff environment and culture strategy, 164
 - training and development, 142, 143, 168–71
 - transition to retirement, 164
 - workforce planning, 168
- stakeholder research, 11, 137–8
 - key findings, 42, 137
 - performance scorecard against KPIs, 31, 32, 34,
 - 36, 37, 40, 41
 - survey KPI results 2013–14 to 2015–16, 138
 - survey process, 137
- stakeholders, 11 *see also* collaboration;
 - engagement
- State Managers (ACC), 120–2
- State Special Investigations, 151

steroids, 46, 82
strategic assessment products, 19, 47, 105
Strategic Engagement Framework, 129
strategic insights products, 19, 48, 104
strategic intelligence, defined, 239 *see also*
intelligence products and publications
Strategic Plan 2013–18, 24, 30, 129
Strategic Workforce Plan for 2013–2018, 168
substance abuse *see* illicit drug use
superannuation fraud, 59
Sycamore (Project), 100

T

tactical intelligence, defined, 239
Targeting Criminal Wealth Special Investigation,
25, 58–60, 69
targets, defined, 240 *see also* Highest Risk Criminal
Targets Special Investigation; National
Criminal Target List; Targeting Criminal
Wealth Special Investigation
task forces
ACC Board authorisations, 151
staff (task force members), 159, 231
by name:
Criminal Assets Confiscation Taskforce, 60,
65, 133
Eligo National Task Force, 65, 66, 133
Eligo 2 National Task Force, 18, 58, 61–4
Jericho Task Force, 74
National Ice Taskforce, 21, 50, 86, 88–9
Polaris Task Force, 74
Serious Financial Crime Taskforce, 20, 59, 60,
68, 70–1, 133
Trident Task Force, 74
Victorian Joint Organised Crime Taskforce,
75, 76
Western Australia Joint Organised Crime Task
Force, 75, 76
tax assessments, 56
tax evasion and fraud, 60, 68, 70, 82 *see also*
financial crime
Technology Governance Committee, 127
Telecommunications (Interception and Access) Act
1979, 154
terrorism *see* counter terrorism
tobacco *see* illicit tobacco trade
training (ACC staff), 142, 143, 168–71
Transition Team, 22
Transition to Retirement Toolkit, 164
Trident (Task Force), 74

U

unexplained-wealth laws, 65
United Nations
6th Biennial Meeting of States, New York, 99

General Assembly Special Session on the
World Drug Problem, 51
United States
Department of the Treasury Office of Foreign
Assets Control, 66
Drug Enforcement Administration, 66
FBI International Cyber Crime Coordination
Cell (IC4), 97, 134, 135

V

values, 9
Victoria, special investigations, 78
Victoria Police, 73, 76, 78, 170
Victorian Department of Environment, Land,
Water and Planning, 102
Victorian Joint Organised Crime Taskforce, 75, 76
Violent and Sexual Crime Database, 112
virtual currencies, 100
visa and migration fraud, 99
visa refusals or cancellations, 18
vision (ACC), 8

W

Waste Water Analysis program, 21, 88
waste water data, 46, 88
wealth, unexplained, 65
Western Australia Joint Organised Crime Task
Force, 75, 76
Western Australian Department of Parks and
Wildlife, 103
Wickenby, 20, 68
Wildlife and Environmental Crime Team, 25, 101–3
work health and safety, 128, 172, 222–5
workers compensation, 224–5
workforce planning, 168 *see also* staff
workplace agreements, 165
workplace culture, 164
workplace diversity, 162, 164

X

XCIV v ACC & Sage, 155
XX v Australian Crime Commission, 155

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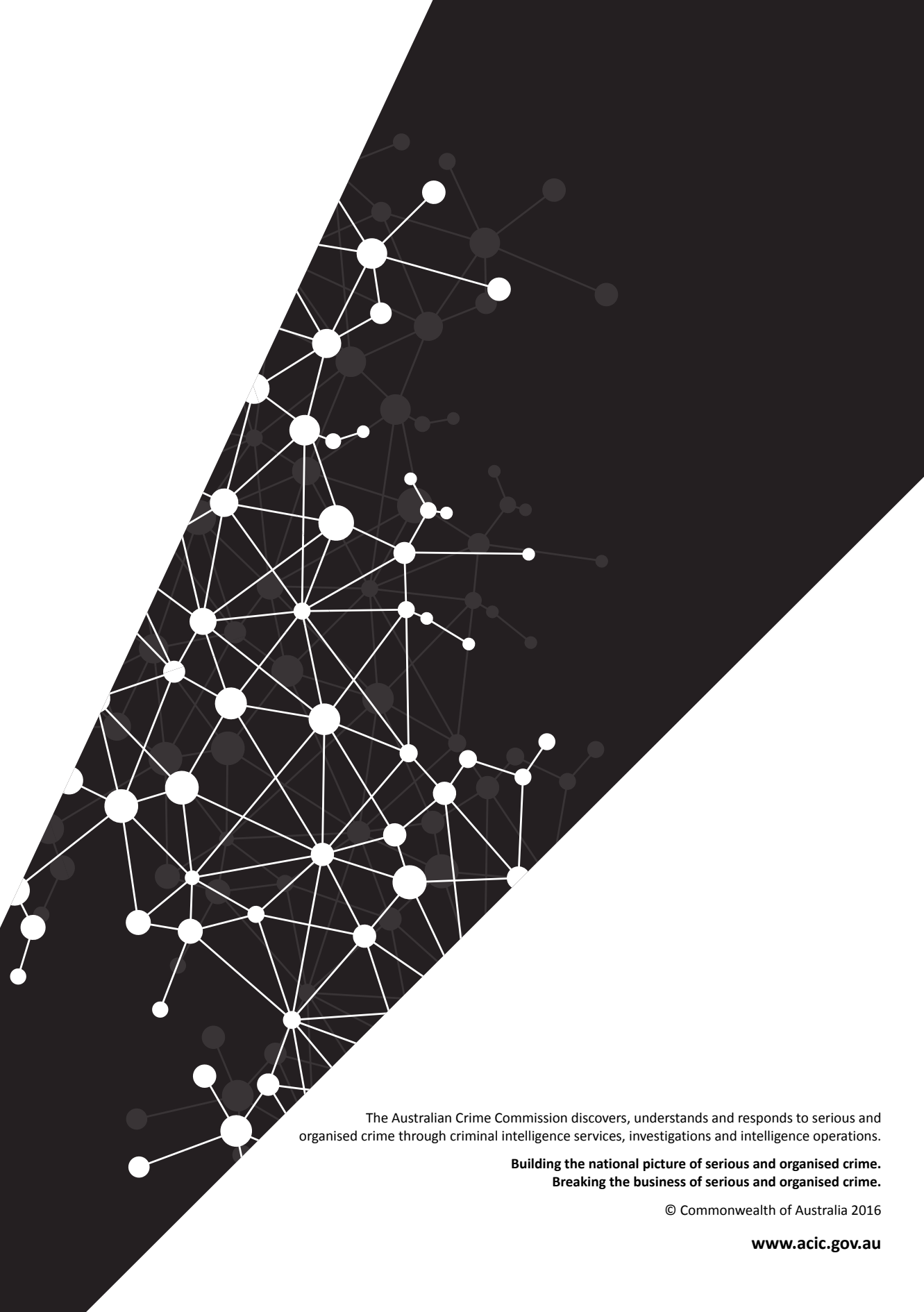
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The Australian Crime Commission discovers, understands and responds to serious and organised crime through criminal intelligence services, investigations and intelligence operations.

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Breaking the business of serious and organised crime.**

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