



AUSTRALIAN
**CRIMINAL
INTELLIGENCE
COMMISSION**

CONNECT DISCOVER UNDERSTAND RESPOND

2016–17
ANNUAL REPORT

ACIC AT A GLANCE



OUR VISION

A safer Australia that is better connected, informed and capable of responding to crime and criminal justice issues.



OUR ROLE

National criminal intelligence agency with investigative, collection, analysis and information delivery functions.

Part of the national collaborative response to crime affecting Australia.



OUR APPROACH

Connect, discover and **understand** to improve the national ability to **respond** to crime and justice issues impacting Australia.



OUR WORK

- Enhance the national picture across the spectrum of crime by developing strategic criminal intelligence assessments and advice on national crime.
- Work with international and domestic partners to disrupt the activities of serious and organised crime targets and reduce their impact on Australia.
- Conduct special operations and special investigations addressing priority areas.
- Maintain and develop national information and intelligence sharing services and systems.



OUR 2016–17 OUTCOME

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 police and law enforcement to essential criminal intelligence, policing knowledge and information.

SUMMARY OF PERFORMANCE IN 2016–17

We measure our performance against criteria related to our ability to **connect**, **discover**, **understand** and **respond** to crime. This is a summary of our full scorecard of results and analysis of our performance in 2016–17, which is provided in *Chapter 2: Annual performance*, from page 38.

ACIC PERFORMANCE CRITERIA		RESULT	SUMMARY
CONNECT	Existing ACIC systems and services are accessible, used and reliable.	✓	Met—Our results indicate performance with high levels of system availability, steady increases in users and user searches, and all Board-agreed benchmarks met.
	The delivery and implementation of new and enhanced ACIC systems and services satisfies the needs of stakeholders and users.	✗	Not met—Although this year has seen significant work planning, progressing and delivering new and enhanced systems, stakeholder survey results indicate room for improvement in delivery of these projects.
	The ACIC is sharing increasing volume, breadth and formats (mediums, platforms) of criminal intelligence and information, police information, and other relevant information.	✓	Met—Overall our performance this year reflects a similar level to previous years, with steady increases in total records we are making available and an increase in our automated alerts.
	The ACIC builds, coordinates and maintains strong and collaborative relationships with domestic and international partners.	✓	Partially met—We collaborated broadly with domestic and international partners and other stakeholders, and improved our international collaboration. However, stakeholder survey results indicate we need a stronger focus on stakeholder engagement, particularly regarding delivery of information system projects.
DISCOVER	The picture of crime impacting Australia is improving because ACIC is discovering crime threats, vulnerabilities, patterns, methods and trends previously unknown.	✓	Met—The types of new discoveries continued at similar levels to recent years, and focused on key priority crime themes.
UNDERSTAND	The understanding of the picture of crime impacting Australia is increasingly more comprehensive, integrated, and relevant.	✓	Met—Our results are in line with previous levels of performance, including the planned production of our flagship products and strong levels of output across priority crime types impacting Australia.
	The understanding of the picture of crime impacting Australia is increasingly used to guide strategies and responses to crime.	✓	Met—Intelligence we provided across a wide range of crime themes informed and guided strategies at a similar level to previous years, and this is supported by our stakeholder survey results.
	The ACIC better informs and influences the hardening of the environment against crime.	✓	Met—Our intelligence informed and influenced activities to harden the environment against serious and organised criminal activities at similar levels to the previous year, and this is supported by our stakeholder survey results.
RESPOND	The ACIC is conducting investigations and intelligence operations, and producing intelligence that is effective in disrupting, disabling and dismantling serious and organised crime.	✓	Met—Our performance measures of disruptions, arrests and convictions, and referrals to the Criminal Assets Confiscation Taskforce are all in line with, or above, recent years.
	ACIC partners are better informed and enabled to undertake policing and community safeguarding activities through access to national information systems and services.	✓	Met—We have informed and enabled our partners to protect the community, through delivery of our national information systems and services, and this is supported by our stakeholder survey results.

ABOUT OUR REPORT

This report summarises our performance for the financial year ending 30 June 2017. As a statutory authority in the Attorney-General's portfolio, we manage our performance through the 'outcome and program' structure in annual Portfolio Budget Statements.

This report reviews our performance against the outcome and performance indicators in our corporate plan and our Portfolio Budget Statement,¹ as required by the *Public Governance, Performance and Accountability Act 2013*. A summary of outcome and performance criteria is on page ii. Our full corporate plan and a link to our Portfolio Budget Statement is at www.acic.gov.au (under About us, Corporate documents).

HOW WE ASSESS OUR PERFORMANCE

Our performance indicators this year reflect our strategic outlook and directly align with our *Strategic Plan 2016–21*, *Corporate Plan 2016–20* and Portfolio Budget Statement performance criteria. These indicators are used to demonstrate how we have performed in our work to **connect**, **discover** and **understand** to improve the national ability to **respond** to crime impacting Australia, through both quantitative and qualitative measures. Details about our performance measurement framework are on page 171.

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 or 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 throughout the year, in both classified and unclassified form, to enhance understanding of what we do.

In addition, elements of our work are 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 inhibit or prevent criminal activities.

1. In 2016–17 the Portfolio Budget Statements were for the two separate former agencies, the Australian Crime Commission (ACC) and CrimTrac. The 2017–18 ACIC Portfolio Budget Statement recognises that our merged agency will report against the new agency's performance criteria. ACIC Portfolio Budget Statements can be accessed here www.ag.gov.au/Publications/Budgets

LETTER OF TRANSMITTAL

5 October 2017

Michael Keenan MP

Minister for Justice

Minister Assisting the Prime Minister on Counter-Terrorism

Parliament House

Canberra ACT 2600

Dear Minister

I am pleased to present the annual report of the Australian Criminal Intelligence Commission (ACIC) for the year ending 30 June 2017, prepared in accordance with the requirements of the *Public Governance, Performance and Accountability Act 2013*.

The report outlines the ACIC's performance for 2016–17 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 ACIC 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



Nicole Rose PSM

Acting Chief Executive Officer

Australian Criminal Intelligence Commission

ANNUAL REPORT CONTACT DETAILS

For enquires about this annual report and general information requests, please contact our:

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ALTERNATIVE VERSION

An electronic version of this report, along with further information about the ACIC and our work, is available on our website at www.acic.gov.au/about-us/corporate-documents

WE VALUE YOUR FEEDBACK

We welcome feedback on our annual report, particularly about its readability and usefulness. Please send your feedback to annualreport@acic.gov.au.

SOCIAL MEDIA

Facebook: www.facebook.com/ACIC

Twitter: <https://twitter.com/acicgovau>

YouTube: www.youtube.com/channel/UCqD_JwFW4cto3JljGxzOb8Q

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SNAPSHOT OF 2016–17 HIGHLIGHTS

We **CONNECT** police and law enforcement to essential criminal intelligence, policing knowledge and information, unite our partners and share knowledge...



Provided 16 systems—delivering information for frontline policing as well as information on biometrics, forensics, DNA, firearms, ballistics, vehicles, cybercrime, child protection, domestic violence, criminal targets and national police checks. All systems met availability benchmarks



Delivered successful National Criminal Intelligence System pilot—the first truly national and unified picture of criminal activity, spanning policing and intelligence data holdings



Collaborated and shared knowledge—shared more than 39,000 information and intelligence products with more than 170 stakeholders



95% of all stakeholders surveyed found our information and intelligence services and systems of value

We **DISCOVER** and **UNDERSTAND** more about the picture of crime impacting Australia through our intelligence collection and analysis, investigations, operations and collaborations...



Analysed criminal intelligence—produced 144 analytical products



Identified new targets—we added 24 new targets to the National Criminal Target List (total number added by all agencies was 78)



Discovered new information about serious and organised crime—conducted 227 examinations, and produced 187 intelligence products containing examination material



Enriched the national picture of criminality—released flagship reports on criminal targets and illicit drug data, as well as the first national wastewater drug monitoring program report and an assessment of illicit firearms in Australia



75% of stakeholders surveyed agreed our intelligence products provide a comprehensive and relevant understanding of crime impacting Australia

SNAPSHOT OF 2016–17 HIGHLIGHTS

Through connecting, discovering and understanding, we improve the national ability to **RESPOND**, including preventing and disrupting serious and organised crime, and protecting the community.



81 criminal entities disrupted



283 people arrested on 828 charges



More than \$929.71 million drugs seized (estimated street value)



\$107.67 million worth of assets restrained



80% of stakeholders surveyed agreed our intelligence and information informs policy and legal responses to criminal activity threatening Australia



SNAPSHOT OF 2016–17 PEOPLE AND FINANCES



810 staff and **24** secondees from partner agencies



50.86% women and **49.14%** men



88.9% retention rate



8 offices around the country



8 international deployments to **6** locations in the Netherlands, Canada, United States, Hong Kong and Dubai

SNAPSHOT OF 2016–17 PEOPLE AND FINANCES



\$89.820 million operating appropriation and
\$111.884 million other income

OVERALL FINANCIAL RESULTS

\$10.982m

surplus



unfunded depreciation

\$9.845m



\$3.975m

capital funding from
other agencies



surplus

\$16.852m

The background of the slide is a dark blue color. Overlaid on this is a complex, abstract network of thin, light blue lines connecting numerous small, light blue dots. These dots and lines are scattered across the entire slide, creating a sense of interconnectedness and data flow. A dashed white line forms a rectangular frame around the text on the right side of the slide.

WE ARE AUSTRALIA'S NATIONAL
CRIMINAL INTELLIGENCE
AGENCY WITH INVESTIGATIVE
AND INFORMATION DELIVERY
FUNCTIONS.

SECTION 01

AGENCY OVERVIEW

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ABOUT US

Our vision is for a safer Australia that is better connected, informed and capable of responding to crime and criminal justice issues.

PURPOSE

The Australian Criminal Intelligence Commission (ACIC) began operating on 1 July 2016. Our new agency was formed through the merge of the Australian Crime Commission (ACC) and CrimTrac to strengthen Australia's ability to combat the unprecedented national security threat and stop criminals exploiting emerging opportunities and perceived gaps in law enforcement information (see feature on page 26).

Our purpose is 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** police and law enforcement to essential criminal intelligence, policing knowledge and information through collaborative national information systems and services.

ROLE

We are uniquely equipped as Australia's national criminal intelligence agency with investigative and information delivery functions. Our role includes reducing serious and organised crime threats of most harm to Australians and the national interest, and providing national policing information systems and services.

FUNCTIONS

To perform our role and achieve our purpose, we work closely with national and international partners to:

- collect, correlate, analyse and disseminate criminal information and intelligence
- maintain a national database of criminal information and intelligence
- provide and maintain national information capabilities and services to support policing and law enforcement
- provide strategic criminal intelligence assessments and advice on national criminal intelligence priorities
- conduct investigations and intelligence operations into federally relevant criminal activity
- provide nationally coordinated criminal history checks.

RELATIONSHIP WITH AUSTRALIAN INSTITUTE OF CRIMINOLOGY

We support and collaborate closely with staff of the Australian Institute of Criminology (AIC). Our CEO is also Director of the AIC, and AIC staff have transferred to the ACIC under a Machinery of Government process. The AIC is located with the ACIC, and ACIC staff are seconded back to the AIC, to ensure criminological research and evidence remains central to law enforcement's collective response to crime. Although it is independent of the ACIC, the AIC's high quality research is important to our work.

APPROACH

We connect, discover and understand to improve the national ability to respond to crime and criminal justice issues impacting Australia.

- **CONNECT**—We develop and maintain national information and intelligence sharing services, unite partners to achieve outcomes that cannot be achieved individually, and disseminate and share knowledge, research, intelligence and information to improve national and international responses.
- **DISCOVER**—We proactively identify new and emerging serious and organised crime threats and significant criminal trends, fill intelligence and knowledge gaps, create new knowledge on crime, and bring together disparate datasets to discover new insights into crime threats.
- **UNDERSTAND**—We build a national intelligence picture across the spectrum of crime, which our partners contribute to and use to guide responses. We analyse our national holdings to improve understanding and knowledge of crime.
- **RESPOND**
 - We **prevent** crime by making essential information available to police and law enforcement, working with partners to make it harder for criminals to operate in Australia, and inform strategies to make Australia safer from crime.
 - We **disrupt**, disable and dismantle serious and organised criminal enterprises by contributing to effective responses, and supporting more effective policing when investigating and solving crime through timely access to useful and richer national criminal information.
 - We **protect** the community, police and potential victims of crime by providing timely access to law enforcement and other relevant information.

CULTURE AND VALUES

We promote a culture that strives for excellence, enables personal and professional growth, values workplace diversity, models respectful behaviour, and achieves agency unity through collaboration and inclusiveness.

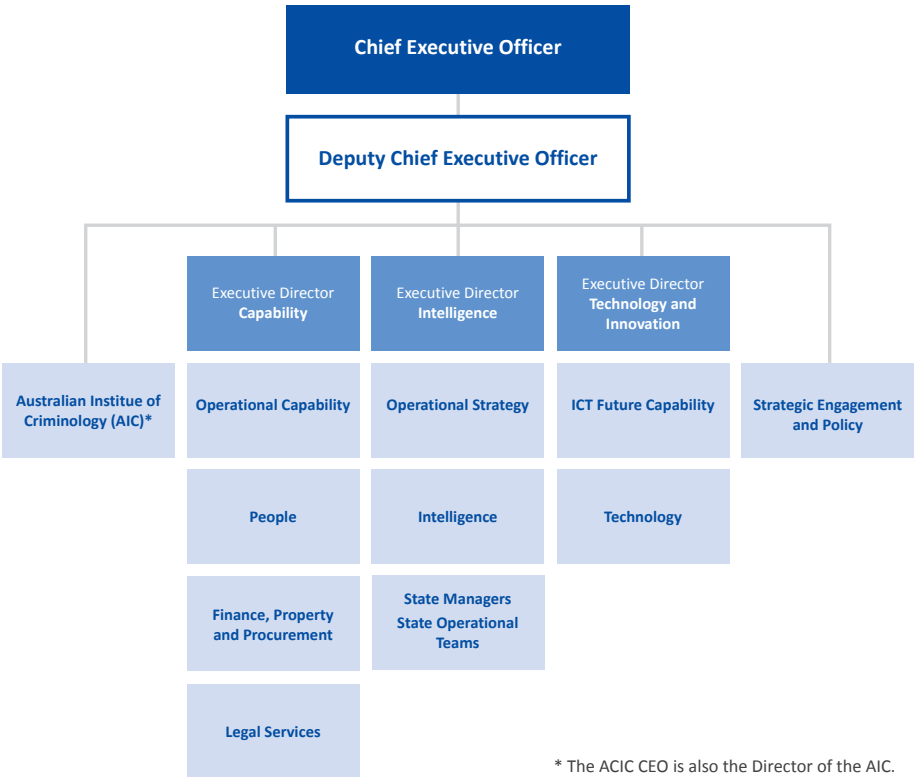
We value our professionally diverse people as our greatest asset. We engage with each other and our stakeholders ethically, and with integrity and respect. We are capable, agile, innovative, adaptable and service-focused.

We are committed to the Australian Public Service values of being impartial, committed to service, accountable, respectful and ethical.

STRUCTURE

We are a Commonwealth statutory body with roles and functions underpinned by supporting legislation in each state and territory. On 30 June 2017, we had 810 staff,² supplemented by 24 secondees from Commonwealth, state and territory law enforcement, and other Commonwealth agencies. We work from eight locations around the country and have deployed staff to six international locations. Details of our structure and ACIC Executive are on page 155.

ORGANISATIONAL STRUCTURE AS AT 30 JUNE 2017



* The ACIC CEO is also the Director of the AIC.

2. This includes staff from the former ACC and CrimTrac, as well as staff from the AIC.

SPECIALIST CAPABILITIES

- **National criminal intelligence data holdings**—We collect criminal intelligence and combine it with information and intelligence from partner agencies to create and share a comprehensive national picture of criminality in Australia.
- **National information and intelligence sharing services and systems**—We provide timely and reliable police and law enforcement information services and, through consultation and collaboration, we develop new and innovative capabilities.
- **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 international networks and have deployed ACIC officers to countries of strategic importance in our efforts to counteract serious and organised crime impacting Australia.
- **Strategic products**—Our strategic intelligence products build a comprehensive picture of criminality in Australia to 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 and transnational serious and organised crime investigations.
- **Legislative framework allowing appropriate 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 crime.
- **Specialist technology and skills**—Our work is underpinned by sophisticated and tailored intelligence gathering and analysis capabilities.

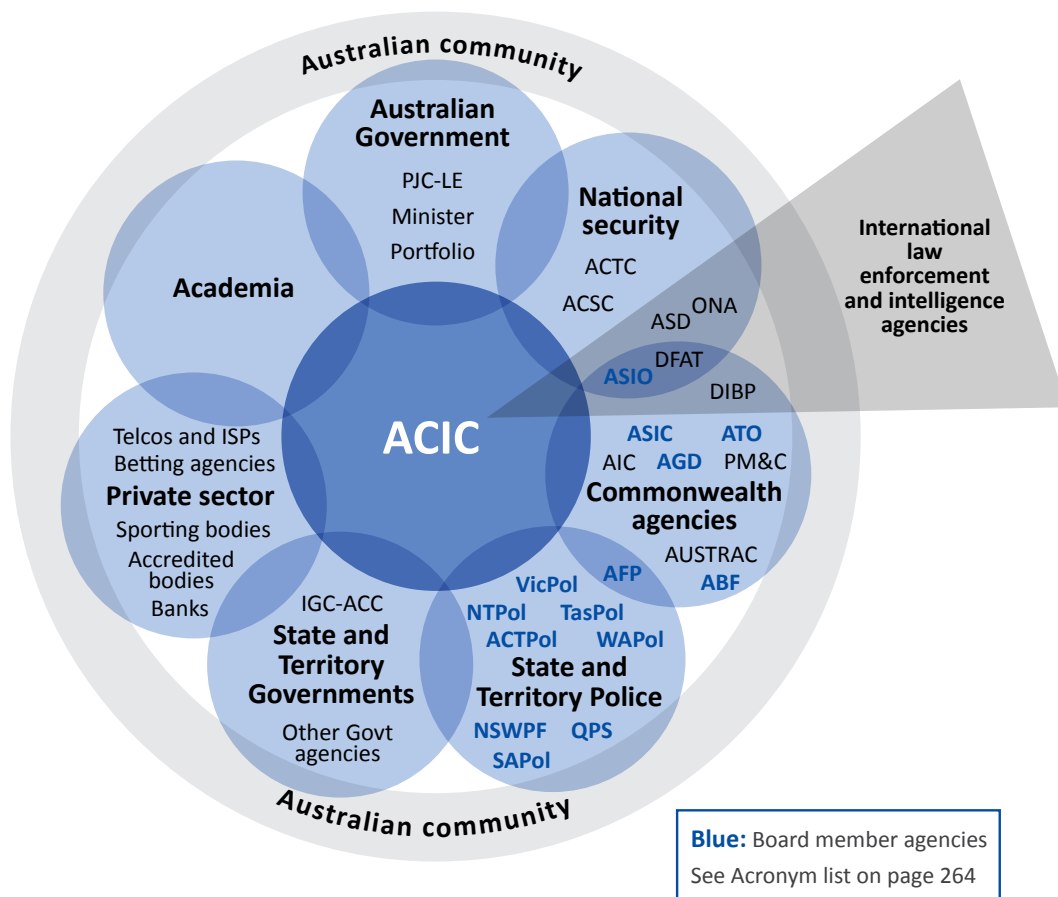
STAKEHOLDERS

We work with a wide range of stakeholders to achieve a shared national outcome of a safer Australia. Our stakeholders include:

- **Australian Government**—National law enforcement and intelligence agencies, national security and border security agencies, 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 and courts.
- **International agencies**—International law enforcement and intelligence agencies.
- **Accredited organisations**—Australian Government agencies, private sector businesses, not-for-profit organisations and screening units for working with children or vulnerable people who access the National Police Checking Service.
- **Private sector and community**—Private industry, research bodies and academia, and the community.

Due to the collaborative nature of our work, our stakeholder relationships are critically important to achieving our purpose. Our stakeholders are important to us, so we seek their feedback regularly. Their feedback contributes to our performance measurement and informs our ongoing engagement. This year's stakeholder research findings are on page 17.

ACIC STAKEHOLDERS



ACIC BOARD

The ACIC Board represents Commonwealth, state and territory law enforcement, and key regulatory and national security agencies. As a powerful law enforcement and national security body, the ACIC Board provides a significant platform to drive the collegiate approach necessary to successfully connect, discover and understand, to improve the national ability to respond to crime and criminal justice issues. More details about our Board are on page 182.

CRIMINAL ENVIRONMENT: THE CHALLENGES

- **Destructive, pervasive and complex**—Criminal threats are more complex and pervasive than ever before across the spectrum of serious, organised and broader volume crime. Criminals seek to exploit vulnerabilities, emerging technologies and perceived gaps in law enforcement information. This touches the lives of Australians in many ways, from devastated families and damaged communities to lost income, health and social impacts, and erosion of public trust.
- **Globalised**—Our intelligence indicates that around 70 per cent of Australia's serious and organised criminal threats are based offshore or have strong offshore links.
- **National security threat**—The national security threat to our nation is unprecedented. Serious and organised crime is a recognised threat to national security, with identified links between terrorism, broader organised crime and volume crime. This includes Australians who finance terrorist activities, leave Australia to support terrorist causes or return intending to harm the Australian community. It also includes 'lone actors' and Australians recruited by organised crime groups seeking the skill sets developed in foreign conflicts.
- **Cyber-savvy**—Crime penetrates and capitalises on technology and the cyber environment. Criminal groups can now target thousands of Australians simultaneously from anywhere in the world, and use increasingly sophisticated technologies to counter law enforcement efforts.
- **Diversified**—New forms of business are emerging in addition to traditional organised crime activities. This diversification into multiple criminal markets provides consistent revenue streams to finance higher risk ventures and enables criminal enterprises to respond to shifts in supply and demand.
- **Concealed**—To support and conceal their criminal enterprises, serious and organised criminals corrupt officials, employ professional experts to advise on complex methods and techniques, use violence and intimidation, and blend criminal activity with legitimate business.
- **Resilient**—Criminal groups are enduring and resilient, collaborating for mutual gain and quickly dispersing or shifting focus when disrupted.
- **Big business**—We estimate that organised crime costs Australia around \$36 billion a year.³ 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.⁴

Understanding the changing criminal environment is critical to determining how Australia responds. Our work is central to ensuring an informed, collaborative and connected national response.

3. ACC 2015, *The Costs of Serious and Organised Crime in Australia 2013–14*, Canberra.

4. 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

LANDMARK YEAR

This is a milestone report, marking the one-year anniversary and first annual review of achievements of the ACIC.

The merge of the ACC and CrimTrac into our new agency from 1 July 2016, and our close collaboration with the AIC, have significantly strengthened the national response to crime.



Each time a crime scene fingerprint is identified, a drug shipment is seized, ballistics are matched, a transnational crime boss is arrested, or a cybercrime attempt is foiled—every response that we support makes Australia safer by reducing the impact of crime on the Australian community.



This is evident in our past year's activities and results, and the impact on the wellbeing and safety of all Australians.

CONNECT—INFORMATION AND INTELLIGENCE IS THE BACKBONE OF THE NATIONAL RESPONSE

Combining essential policing information and criminal intelligence systems and databases into one agency has tied together work to improve Australia's ability to respond to crime.

These core functions are the touchpoints for all our work. By amalgamating the national picture across the spectrum of crime, we are in a stronger position to build knowledge and support more collaborative, connected and informed national responses—from day-to-day policing, to serious and organised crime and national security.

DELIVERING ESSENTIAL INFORMATION SERVICES TO POLICE AND LAW ENFORCEMENT

Our essential information services help police prevent, detect and reduce crime in our community. This year, for example, we supported frontline policing by delivering more than 44.3 million National Police Reference System searches relating to people, firearms, vehicles and drugs. We also supported 90,729 crime scene print identifications and 54 crime scene ballistic matches.

We also facilitated more than 4.7 million background checks—a record number—helping to ensure the integrity of individuals placed in positions of trust.

IMPROVING THE WAY NATIONAL INTELLIGENCE IS MANAGED AND SHARED

Behind the scenes, our national intelligence holdings and analysis enables us to work with partners to proactively identify, disrupt, prevent and protect the community from serious and organised crime.

A highlight this year was finalising our successful pilot program for the National Criminal Intelligence System (NCIS). NCIS will connect the existing data holdings of Commonwealth, state and territory law enforcement partners to provide the first truly national and unified picture of criminal activity, spanning policing and intelligence data holdings. This will allow police across the nation to deconflict⁵ and coordinate their intelligence operations and investigations where criminals are active across more than one jurisdiction. This is very important because without this knowledge, action by one agency may compromise, or alert criminals to, the investigations of another agency. Even in its pilot form, NCIS attracted more than 11,000 searches across more than 600 million available records and delivered real-time results ranging from cybercrime to counter-terrorism investigations and intelligence operations.

DISCOVER AND UNDERSTAND—KNOWLEDGE IS THE STRONGEST WEAPON AGAINST SERIOUS AND ORGANISED CRIME

Our strategic intelligence contributes to decisions about the national response to serious and organised crime.

ENRICHING THE NATIONAL PICTURE OF CRIMINALITY

During the past year we produced key intelligence reports including the classified *National Criminal Target Report 2017* and the public reports, *National Wastewater Drug Monitoring Program Report 1 2017*, *Illicit Firearms in Australia*, *Illicit Drug Data Report 2015–16* and *Organised Crime in Australia 2017* (released in early 2017–18).

Through such reports we further understanding of existing and emerging organised crime threats to Australia, and strengthen the national response.

5. See Glossary for definition of deconfliction.

INFORMING AND GUIDING RESPONSES

Throughout the year we also continued to gather and share intelligence related to numerous investigations and operations. For example, we continued working with the Australian Taxation Office and Serious Financial Crime Taskforce to analyse Panama papers data, as part of unprecedented cooperation with international partners.

Our intelligence work and collaboration with partners also contributed to disruptions of a range of domestic and offshore criminal syndicates affecting Australia, from outlaw motor cycle gangs (OMCGs) to drug trafficking syndicates and transnational money laundering operations.

RESPOND—COLLABORATION IS THE KEY TO PREVENT, DISRUPT AND PROTECT

We work closely with our international and domestic partners to counter the activities of serious and organised crime targets.

During 2016–17 this included expanding our international footprint to strengthen collaboration, intelligence collection and exchange with countries of strategic importance. This has resulted in joint activity against offshore organised crime threats targeting Australia for importation of illicit goods, cybercrime, and money laundering by moving illicit funds overseas.

We also established the Vestigo Task Force during the year, to provide a framework to enhance our collaboration and engagement with Australian and international partners to share information and intelligence. Vestigo is building on the investigation and intelligence work of the Eligo 2 National Task Force—allowing us to combat transnational serious and organised crime activities impacting adversely on Australia's national interests as well as the interests of our overseas partner countries.

Another indication of our maturing capability and relationships with our partners was our development of the Australian Priority Organisation Target list this year. This list details top tier international and transnational targets impacting Australia, driving a mix of traditional and innovative disruption methods.

Cybercrime disruption also remained a focus, and we continued to collaborate with domestic and international partners on joint assessments and informing cybercrime policy. We also continued our work with the Australian Cyber Security Centre to proactively respond to cyber incidents impacting Australia, including international ransomware campaigns 'WanaCry' and 'Petya'.

By working internationally we can disrupt criminal enterprises before their activities impact Australia. Together with our domestic responses, this is helping to keep our communities safer.

PREVENTING AND DISRUPTING CRIME AND PROTECTING THE COMMUNITY

Strong results against serious and organised crime within Australia during 2016–17 included disrupting 81 serious and organised criminal entities, seizing more than \$929.71 million estimated street value of drugs and more than \$14.06 million in cash. We also disseminated more than 2,000 intelligence products to our partners.

Overseas results included the disruption of a significant international money laundering syndicate operating in Australia but run by an international controller, and the arrest in the United Kingdom of a cybercriminal who had used malware to fraudulently remove more than \$700,000 from an Australian business bank account.

SETTING THE SCENE FOR THE FUTURE

While we looked across the nation and around the globe to support our vision for a safer Australia, we also looked inward to continue to cement our successful merge between the ACC and CrimTrac, including cultural change and embedding an agency-wide culture of respect.

The tempo of work did not slow down while we amalgamated our agencies and consolidated our services.

It is a testament to the professionalism and dedication of our staff and Board members that we continued to deliver business as usual and achieve notable outcomes during this particularly demanding time.



Looking ahead, we plan to improve our delivery and further capitalise on the benefits of our new merged agency.



SHARPER INTERNATIONAL FOCUS

In the coming year, we will continue to sharpen our intelligence and investigative focus on transnational crime impacting Australia, supported by our international deployments, partnerships and cooperation.

TARGETED AND COORDINATED INTELLIGENCE, OPERATIONS AND INVESTIGATIONS

We will also continue to update the strategic picture of crime affecting Australia. Specific intelligence priorities for the coming year include discovering and understanding more about issues such as terrorism and terrorism financing, virtual currencies, malware in relation to financial crimes, high threat national and international targets, links between international and Australian gangs, supply of illicit drugs with a focus on methylamphetamine, cocaine and illicit pharmaceuticals, importation of illicit firearms, and international controllers of money laundering networks.

We will introduce new intelligence hubs within our agency in 2017–18. This will ensure coordinated responses to specific crime themes linked to the priority areas noted above.

ENHANCED INFORMATION AND INTELLIGENCE SYSTEMS, SERVICES AND ANALYSIS

We will build on the success of the NCIS pilot by trialling connectivity with our partner agencies, as an important step in delivering a full NCIS capability in the future. We are working on a new biometric identification capability to replace the existing National Automated Fingerprint Identification System. When completed, this will add national facial recognition to law enforcement's biometric capabilities. We are also developing an interim solution to prepare for the planned national system for sharing domestic violence orders between police and courts across Australia.

Another priority in the coming year will be exploring options to realise further benefits of the merge, in particular the link between the analytical capability and the more extensive sources of data now available, to deepen understanding of a broader picture of crime in Australia.

The formation of the ACIC was the logical culmination of 15 years' evolution of both the former CrimTrac agency and the ACC.

In addition, the planned new Home Affairs portfolio arrangements, announced just after the end of the reporting year, will provide opportunities for the ACIC to work even more closely with national security partner agencies in future.

This is my last report as CEO of the ACIC. I look forward to continuing to support the work of the ACIC in my new capacity as Commissioner of Police in Western Australia and, therefore, as an ACIC Board member. I have been proud to lead this agency for the past three years and have every confidence the ACIC is strongly positioned to continue its important work with partners towards a safer Australia that is better connected, better informed, and more capable of responding to crime.



Chris Dawson APM
Chief Executive Officer (April 2014 – August 2017)
Australian Criminal Intelligence Commission

FEATURE: NEW AGENCY A MILESTONE MOVE



UNPRECEDENTED THREAT PROMPTS NEW AGENCY

The criminal landscape is constantly shifting, with new threats and trends emerging every day. The combined expertise and broader remit of the ACIC has improved the national ability to respond.

The ACIC was formed in response to the unprecedented threat to our nation 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 began operations on 1 July 2016, following the merge of the former ACC and CrimTrac.

The merge combined into one agency core services providing essential policing information and national criminal intelligence, along with our investigative functions.

Together with the research capability of the AIC, this has created more powerful opportunities to enhance the national picture of, and response to, crime across the spectrum.

BROADER ROLE, BROADER VISION

Our new vision reflects our broader role and function: *a safer Australia that is better connected, informed and capable of responding to crime and criminal justice issues.*

The ACIC can deliver greater access and connectivity to criminal data and intelligence, and new capabilities to provide law enforcement partners with more up-to-date and complete information.

More than a provider of information and intelligence, we collaborate closely with partners in Australia and overseas to support responses—from daily policing in the community to solving major crimes and disrupting transnational criminal enterprises.

Every task we undertake in our daily work can be linked directly to four strategic themes that support this vision:

- **WE CONNECT**—We provide national information and intelligence sharing services, share knowledge, and unite our partners to achieve outcomes that cannot be achieved individually.
- **WE DISCOVER**—We proactively identify new and emerging threats, fill the gaps in intelligence and create knowledge.
- **WE UNDERSTAND**—We maintain a national intelligence picture on current and emerging crime threats.
- **WE RESPOND**—We prevent, disrupt and protect against serious and organised crime.

SAFEGUARDING THE COMMUNITY

The national policing systems and services we deliver, and the way we collaborate with our partners to combat serious and organised crime, help protect the Australian community and our law enforcement colleagues.

For example, we support frontline officers and ensure their safety by providing access to information about the person or vehicle they are about to approach.

We protect Australians by matching data, such as linking DNA or fingerprints to catch violent offenders.

We reduce the impact of serious and organised crime on individuals, business and communities by providing sophisticated analysis of intelligence holdings from multiple sources and by working with partners to investigate, prevent and disrupt criminal activities. This includes identifying and minimising vulnerabilities that criminals seek to exploit.

We combat national security threats by building comprehensive knowledge and enriching the national picture across the entire spectrum of crime.

In these ways, the merge of our agencies is a major step towards a safer Australia.

As we mature as an agency, we will continue to capitalise on our combined resources, capabilities, expertise and knowledge to improve the ways in which Australia responds to crime.



OUTCOME AND PROGRAM STRUCTURE

Our annual Portfolio Budget Statement 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.

The ACC and CrimTrac had separate 2016–17 Portfolio Budget Statements prior to merging to form the ACIC from 1 July 2016.

The 2017–18 Portfolio Budget Statement is the first for the ACIC since the merge. It consolidates our performance framework and incorporates all the performance criteria of both former agencies. **As a result, we are reporting against the 2017–18 Portfolio Budget Statement performance criteria this year.***

Our outcome and program structure is shown below, along with the relationship to our *Strategic Plan 2016–21* and *Corporate Plan 2016–20*. Both plans, and a link to our 2017–18 Portfolio Budget Statement, are at www.acic.gov.au

Our planning purpose and approach align with our Portfolio Budget Statement outcome and program.

STRATEGIC AND CORPORATE PLANS	PORTFOLIO BUDGET STATEMENT 2017–18*
<p>Purpose</p> <p>Our purpose is 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 police and law enforcement to essential criminal intelligence, policing knowledge and information through collaborative national information systems and services.</p>	<p>Outcome 1</p> <p>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 police and law enforcement to essential criminal intelligence, policing knowledge and information through collaborative national information systems and services.</p>
<p>Approach</p> <p>We connect, discover and understand to improve the national ability to respond to crime and criminal justice issues impacting Australia.</p>	<p>Program 1.1 Australian Criminal Intelligence Commission</p> <p>The ACIC will connect, discover and understand to improve the national ability to respond to crime and criminal justice issues affecting Australia.</p>

ACIC Corporate Plan and Portfolio Budget Statement Performance criteria

STRATEGIC AND CORPORATE PLANS	PORTFOLIO BUDGET STATEMENT 2017–18
<p>Connect</p> <p>We help our partners by:</p> <ul style="list-style-type: none"> ▪ providing them with systems and services ▪ sharing criminal intelligence and information, research, policing and other relevant information ▪ connecting partners to us and each other. 	<p>Performance criteria</p> <ul style="list-style-type: none"> ▪ Existing ACIC systems and services are accessible, used and reliable. ▪ The delivery and implementation of new and enhanced ACIC systems and services satisfies the needs of stakeholders and users. ▪ The ACIC is sharing increasing volume, breadth and formats (mediums, platforms) of criminal intelligence and information, police information, and other relevant information. ▪ The ACIC builds, coordinates and maintains strong and collaborative relationships with domestic and international partners.
<p>Discover</p> <p>We build the picture of crime impacting Australia by:</p> <ul style="list-style-type: none"> ▪ collecting information ▪ combining information to discover new areas of national focus. 	<ul style="list-style-type: none"> ▪ The picture of crime impacting Australia is improving because the ACIC is discovering crime threats, vulnerabilities, patterns, methods and trends previously unknown.
<p>Understand</p> <p>We improve our understanding of the picture of crime impacting Australia by undertaking analysis to guide a better response.</p>	<ul style="list-style-type: none"> ▪ The understanding of the picture of crime impacting Australia is increasingly more comprehensive, integrated and relevant. ▪ The understanding of the picture of crime impacting Australia is increasingly used to guide strategies and responses to crime.
<p>Respond</p> <p>We improve the national ability to prevent and disrupt crime and protect the community.</p>	<ul style="list-style-type: none"> ▪ Prevent. The ACIC better informs and influences the hardening of the environment against crime. ▪ Disrupt. The ACIC is conducting investigations and intelligence operations, and producing intelligence that is effective in disrupting, disabling and dismantling serious and organised crime. ▪ Protect. ACIC partners are better informed and enabled to undertake policing and community safeguarding activities through access to national information systems and services.

PRIORITIES IN 2016–17

STRATEGIC INTELLIGENCE

We enhanced the national picture of serious and organised crime by producing strategic criminal intelligence assessments and advice on national crime and criminal justice issues. We did this by drawing on our partners' information and intelligence, as well as the information and intelligence we collected through our own operations and investigations.

INTERNATIONAL THREATS

A key focus across all our operations and investigations was working with our international and domestic partners to disrupt the activities of serious and organised crime targets either based offshore or with strong offshore links and reduce their impact on Australia.

OPERATIONS AND INVESTIGATIONS

Each year the Board considers the serious and organised crime threat environment to determine the most relevant suite of special investigations and special operations. In 2016–17 we worked on seven Board-approved special operations and special investigations, and associated task forces, addressing these priority areas:

- **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. We contributed to inter-agency activities to make Australia unattractive for the promotion and use of abusive financial arrangements and money laundering activities.
- **Tackling criminal gangs**—We gathered and shared information and intelligence on the threats and vulnerabilities associated with, and contributed to the response to, the outlaw motor cycle gang threat, through the ACIC-hosted Australian Gangs Intelligence Coordination Centre, our Outlaw Motor Cycle Gangs Special Operation and Task Force Morpheus.
- **Tackling highest risk criminals**—We gathered intelligence, investigated Australia's highest threat organised criminal targets, and worked with our Australian and international partners to develop strategies to disrupt their activities. This work related to our Highest Risk Criminal Targets No. 2 Special Investigation.
- **Contributing to national security**—We contributed to the whole-of-government response to national security threats, by developing intelligence 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.

- **Informing responses to Australia's illicit drug markets**—We contributed to an increasingly holistic understanding of Australian illicit drug markets with intelligence developed under our High Risk and Emerging Drugs No. 2 Special Operation. We proactively contributed to the development of appropriate operational, legal and policy responses to these complex and evolving markets, including wastewater analysis.
- **Making Australia a more hostile place for serious and organised crime**—We helped make Australia a more hostile place for serious and organised crime through our Emerging Organised Crime Threats Special Operation, which considers threats such as illegal bookmaking and firearms as well as forming the focus for our response to cybercrime including our contribution to the Australian Cyber Security Centre, as well as our Criminal Exploitation of Australia's Migration System Special Operation.

NATIONAL INFORMATION AND INTELLIGENCE SHARING SERVICES

- **Information systems and services**—We provided critical systems related to frontline services (regarding people, firearms and ballistics, vehicles and drugs), cybercrime reporting services (related to types and incidents of cybercrime), biometrics services (related to fingerprints and DNA information), and protection services (related to child protection and domestic violence). We reviewed and consolidated our services and plans, including our approach to delivering capabilities. We began engaging with partners about enhancements, and evaluating future requirements in delivery areas including police referencing, ballistics, child exploitation tracking and biometrics.
- **Criminal intelligence systems**—We maintained the national databases of criminal information and intelligence that support the national response to serious and organised crime. During the year we also finalised a pilot program for an improved National Criminal Intelligence System.
- **Criminal history checks**—We maintained the National Police Checking Service, by providing the system and managing the process through which Australian police agencies and accredited bodies submit nationally coordinated criminal history checks. This helps ensure the integrity of individuals placed in positions of trust, enhancing the safety of the community. We also engaged an independent, external consultant to develop a future operating model for the National Police Checking Service.

For details see *Chapter 2: Annual performance—how we achieved our purpose* from page 33.

NEW AGENCY

During 2016–17 we continued to amalgamate and consolidate our newly merged agency's functions and services, promote our workplace culture and values, and refine our organisational structure including consolidating our work focus and priorities internally through new intelligence hubs that we will introduce from next year.

For details see Feature on page 26 and *Chapter 3: Management and accountability—our governance and people* from page 153.

WE 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** POLICE AND LAW
ENFORCEMENT TO ESSENTIAL
POLICING KNOWLEDGE AND
INFORMATION.

SECTION 02

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2.1 ANNUAL PERFORMANCE STATEMENT

STATEMENT OF PREPARATION

I, as the accountable authority of the Australian Criminal Intelligence Commission (ACIC), present the 2016–17 annual performance statement of the ACIC, 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, this annual performance statement is based on properly maintained records and in accordance with section 38 and subsection 39(2), appropriately measures, assesses and provides information about the ACIC's performance in achieving our purposes, and complies with the requirements prescribed by the relevant PGPA Rules.



Nicole Rose PSM
Acting Chief Executive Officer
Australian Criminal Intelligence Commission

INTRODUCTION

LINK TO PURPOSE

The ACIC's purpose is 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** police and law enforcement to essential criminal intelligence, policing knowledge and information through collaborative national information systems and services.

This purpose is stated in the *ACIC Corporate Plan 2016–20* and is aligned with the ACIC outcome in the Portfolio Budget Statements (PBS) 2017–18.⁶

From the establishment of our merged agency on 1 July 2016, we implemented our consolidated performance framework that incorporates all the performance criteria of both former agencies (the ACC and CrimTrac) and forms the basis for our performance reporting. Our corporate plan and PBS performance criteria align exactly.

6. In 2016–17 the Portfolio Budget Statements were for the two separate former agencies, the Australian Crime Commission (ACC) and CrimTrac. The 2017–18 ACIC Portfolio Budget Statement recognises that our merged agency will report against the new agency's performance criteria. ACIC Portfolio Budget Statements can be accessed here www.ag.gov.au/Publications/Budgets

CORPORATE PLAN APPROACH	PERFORMANCE CRITERIA	CRITERIA SOURCE
CONNECT	Connect 1: Existing ACIC systems and services are accessible, used and reliable.	<ul style="list-style-type: none"> ▪ Corporate plan 2016–20, page 9 ▪ PBS 2017–18, page 81
	Connect 2: The delivery and implementation of new and enhanced ACIC systems and services satisfies the needs of stakeholders and users.	<ul style="list-style-type: none"> ▪ Corporate plan 2016–20, page 9 ▪ PBS 2017–18, page 81
	Connect 3: The ACIC is sharing increasing volume, breadth and formats (mediums, platforms) of criminal intelligence and information, police information, and other relevant information.	<ul style="list-style-type: none"> ▪ Corporate plan 2016–20, page 9 ▪ PBS 2017–18, page 81
	Connect 4: The ACIC builds, coordinates and maintains strong and collaborative relationships with domestic and international partners.	<ul style="list-style-type: none"> ▪ Corporate plan 2016–20, page 9 ▪ PBS 2017–18, page 81
DISCOVER	Discover 1: The picture of crime impacting Australia is improving because the ACIC is discovering crime threats, vulnerabilities, patterns, methods and trends previously unknown.	<ul style="list-style-type: none"> ▪ Corporate plan 2016–20, page 9 ▪ PBS 2017–18, page 81
UNDERSTAND	Understand 1: The understanding of the picture of crime impacting Australia is increasingly more comprehensive, integrated and relevant.	<ul style="list-style-type: none"> ▪ Corporate plan 2016–20, page 9 ▪ PBS 2017–18, page 81
	Understand 2: The understanding of the picture of crime impacting Australia is increasingly used to guide strategies and responses to crime.	<ul style="list-style-type: none"> ▪ Corporate plan 2016–20, page 9 ▪ PBS 2017–18, page 81
RESPOND	Prevent Respond 1: The ACIC better informs and influences the hardening of the environment against crime.	<ul style="list-style-type: none"> ▪ Corporate plan 2016–20, page 9 ▪ PBS 2017–18, page 81
	Disrupt Respond 2: ACIC is conducting investigations and intelligence operations, and producing intelligence that is effective in disrupting, disabling and dismantling serious and organised crime.	<ul style="list-style-type: none"> ▪ Corporate plan 2016–20, page 9 ▪ PBS 2017–18, page 81
	Protect Respond 3: ACIC partners are better informed and enabled to undertake policing and community safeguarding activities through access to national information systems and services.	<ul style="list-style-type: none"> ▪ Corporate plan 2016–20, page 9 ▪ PBS 2017–18, page 81

HOW WE MEASURE

Our agency is part of the shared effort across many Commonwealth, state and territory government departments, and policing and law enforcement agencies, to make Australia safer from crime. Our performance criteria identify the *intended results* of our contribution to, and impact on, this shared effort.

Wherever possible, the performance criteria have a number of measures for efficiency and effectiveness (incorporating a mix of quantitative and qualitative information):

- Quantitative measures are benchmarked against previous performance, with accompanying analysis to provide a basis for assessment.
- Qualitative measures provide evidence demonstrating our effectiveness against the intended result.
- As our stakeholders are important to understanding the effectiveness of our performance, our stakeholder survey results are part of the suite of measures used to assess performance against each criteria.

Performance results across the 10 performance criteria are provided in the following section. Analysis and an assessment of performance for **each criteria** is based on the overall results from the combination of relevant measures. For statistical results, we provide up to five years of comparative data where available, to enable comparative assessment of performance. Where relevant, our analysis of results in each performance criteria also includes key environmental factors that have influenced our performance.

Further details of our performance are in the remaining sections of this chapter (see with page numbers provided against performance results).

Our performance criteria align with our purpose and strategic approach: to **connect**, **discover** and **understand** so Australia can better **respond** to crime threats. We apply our performance criteria across all our activities to determine our agency's achievements in delivering our purpose. Due to the interrelated nature of much of our work, our activities can achieve multiple types of performance outcomes.

Some of our strategies to deliver against our purpose are short-term and some are long-term. This means in any reporting period, to provide a true picture of our performance, we must reflect on our contribution across the performance criteria, even when some of our work to discover and understand has not yet resulted in a tangible response or outcome for the Australian community.

Our stakeholder survey is an important part of our performance measurement and this is the first time we have surveyed our stakeholders in relation to these performance criteria. We will survey our stakeholders each year to enable comparative assessment of their views of our performance. We provide a wide range of services and products, and some are relevant to only particular stakeholders. To provide as accurate measure as possible, we designed our survey so that the stakeholders who are in the best position to form a view of a particular aspect of our performance are asked the relevant questions.

BENEFITS

The Australian community benefits from our activities, as our efforts (collectively with our partners) lead to a safer Australia. Our partners also benefit from our activities. This includes the policing, law enforcement and regulatory agencies we collaborate with and provide services, information and intelligence to, in order to support and improve their individual ability, and our collective ability, to make Australia safer.

We acknowledge that it is not possible to effectively measure our performance where the intended benefit of our activity is informing other agencies' strategic responses to crime threats, as this information is not consistently or routinely recorded or made available by other agencies (although stakeholder surveys may provide a partial indicator). In these circumstances, we use narrative evidence on our strategic output to reflect on our performance.

As we work in close partnership with our stakeholders, we are able to systematically collect performance data on how our joint activities have achieved results against our shared outcome, and record our contribution to these outcomes. In other circumstances, our intelligence products are provided to a broad range of agencies and we do not always have 'line of sight' on their eventual use or impact. While we do receive some feedback, it is not systemic.

Our information and intelligence systems and services provide value to our stakeholders by enhancing their ability to undertake *their* role in keeping Australia safe. We cannot apportion specific aspects of their performance to our contribution, but we can measure the quality and volume of data and the reliability of the systems we provide. We also seek to measure the efficiency and effectiveness benefits our partners gained through new and enhanced systems.

OUR PERFORMANCE RESULTS

CONNECT

We help our partners by: providing them with systems and services; sharing criminal intelligence and information, research, policing and other relevant information; and connecting partners to us and each other.

PERFORMANCE CRITERIA

CONNECT 1: Existing ACIC systems and services are accessible, used and reliable.

RESULT

Overall this performance criteria has been **met.** ✓

EXPLANATION

We provide various types of services through a range of different systems.

We measure our performance against this criteria by assessing:

- **system availability**—percentage of time systems were available (maintaining system availability ensures reliable access to related services)
- **service provision**—range of agencies we provide services to
- **service usage**—number of users and number of system searches
- **stakeholder survey performance results**—as these systems and services are provided to our stakeholders, we ask specific questions in our stakeholder survey to measure performance.

By reliably providing these systems and services, and ensuring they are accessible and used by the appropriate police, law enforcement and intelligence agencies, we contribute to the effectiveness of our collective efforts to keep Australia safer from crime.

System name key for tables

SERVICE TYPE	SYSTEM NAME	SYSTEM ACRONYM	PAGE
Frontline	National Police Reference Service	NPRS	130–31
	National Names Index	NNI	131
	National Firearms Identification Database	NFID	132–33
	National Firearms Licensing and Registration System	NFLRS	132
	Australian Ballistic Information Network	ABIN	133
	National Vehicles of Interest	NVOI	134, 142
Biometric and forensic	National Automated Fingerprint Identification System	NAFIS	137–38
	National Criminal Investigation DNA Database	NCIDD	137–39
	National Missing Person and Victim System	NMPVS	139
Protection	National Child Offender System	NCOS	139–140
	Child Exploitation Tracking Service	CETS	140
Checking	National Police Checking Service (provided through the NPCS Support System, known as NSS)	NPCS/NSS	131, 150–51
Cybercrime reporting	Australian Cybercrime Online Reporting Network	ACORN	119, 135
Criminal intelligence	Australian Law Enforcement Intelligence Network	ALEIN	143
	Australian Criminal Intelligence Database*	ACID	143–44
	National Target System (incorporating our National Gangs List)	NTS	147–48
	Violent Sexual Crimes Database	N/A	141

* This system also hosts the Clandestine Laboratory Database.

CONNECT (Continued)

SYSTEM AVAILABILITY

System availability⁷ where historical data is available

SERVICE TYPE	SYSTEM	2012–13 (%)	2013–14 (%)	2014–15 (%)	2015–16 (%)	2016–17 (%)	BOARD-AGREED BENCHMARK (%)*	BENCHMARK MET
Frontline	NPRS	99.7	99.5	99.7	99.6	99.6	99.5	✓
	NNI	99.7	99.9	99.5	99.9	99.7	99	✓
	NFID	99.5	99.9	99.8	99.7	99.7	96	✓
	NFLRS	99.7	99.9	99.5	99.9	99.7	99	✓
	ABIN	Not applicable	Not applicable	99.9	100	99.9	95	✓
	NVOI	99.7	99.8	99.5	99.9	99.7	99	✓
Biometric and forensic	NAFIS	99.4	99.8	99.7	99.7	99.5	99.4	✓
	NCIDD	99.7	99.8	99.8	99.7	99.6	99	✓
	NMPVS	Not applicable+	Not applicable+	Not applicable+	99.7	99.9	96	✓
Protection	NCOS	99.7	99.7	99.8	99.6	99.6	99.5	✓
	CETS	99.7	100	99.8	100	100	96	✓
Checking	NPCS/NSS	99.6	99.9	99.9	99.6	99.3	99	✓
Cybercrime reporting	ACORN	Not applicable+	Not applicable+	99.6	99.5	98.8	96	✓

*For our frontline and other systems directly supporting police operations, including police checks, we developed an agreed availability benchmark with our Board for each of the systems depending on usage requirements. In 2016–17 we exceeded all of these Board-agreed benchmarks.

+ NMPVS was not delivered as a national system until 2015–16. ACORN did not commence operations until 2014–15.

We have not been reporting criminal **intelligence system availability** in recent years, but will now do so moving forward, noting that our Board has not set availability benchmarks for these systems.

Criminal intelligence system availability

SERVICE TYPE	SYSTEM	2016–17(%)
Criminal intelligence	ALEIN	99.8
	ACID	100
	NTS	99.9

7. Our system availability reporting provides the percentage of time systems were available, excluding scheduled outages. We provide our systems nationally to multiple agencies. Many of our systems are integrated or routed via partner agency systems, meaning issues unrelated to our service can also affect availability. As a result, we derive national availability reporting from user notifications of outages across multiple jurisdictions.

CONNECT (Continued)

SERVICE PROVISION

Our **frontline and biometric and forensic services** are provided to the **Australian Federal Police** and **all state and territory police agencies**. We also provide appropriate access to some of this information to the Department of Immigration and Border Protection, the Australian Securities and Investments Commission and state-based crime and corruption bodies.

Our **criminal intelligence services** are provided to the **Australian Federal Police, all state and territory police agencies** and 18 other **law enforcement and regulatory bodies**.

The **National Police Checking Service** is used by police and accredited bodies, including government agencies, private sector businesses and brokers, not-for-profit organisations and screening units responsible for the assessment of people who apply to work with children or vulnerable people.

Criminal history checks were performed for **244** stakeholders in 2016–17.

Page
132–42
143–49
150–51

Number of stakeholders criminal history checks were performed for

2012–13	2013–14	2014–15	2015–16	2016–17
143	160	180	220	244

The **Australian Cybercrime Online Reporting Network** is **publicly available** for reporting of instances of cybercrime. The Australian Cybercrime Online Reporting Network attracted 240,324 visitors in 2016–17 and receives reporting on cybercrime from the public. We refer reports to law enforcement agencies for appropriate action.

Number of ACORN reports received and referred

MEASURE	2014–15	2015–16	2016–17
Number of reports received	25,000	41,341	47,873
Number of reports referred to police	16,352	31,367	37,999
Percentage of reports referred to law enforcement agencies (%)	65.41	75.95	79.37

SERVICE USAGE—NUMBER OF USERS

This measure has not been used uniformly across all our systems in previous years, so historical data is only available for some systems.

Number of users where historical data is available

SERVICE TYPE	SYSTEM	2012–13	2013–14	2014–15	2015–16	2016–17
Frontline	NPRS	68,000	70,000	70,611	76,622	77,865
	ALEIN	2,817	2,896	3,103	3,320	3,841
Criminal intelligence	ACID	1,618	1,600	1,642	1,815	2,058
	NTS	331	491	632	753	825

Note: Totals displayed above represent either 'total' or 'active' users of each system, depending on which system statistics are available.

CONNECT (Continued)

Number of users in 2016–17

SERVICE TYPE	SYSTEM	2016–17
Frontline	NNI	6,003
	NFID	User data currently not available
	NFLRS	8,160
	ABIN	107
	NVOI	8,775
Biometric and forensic	NAFIS	1,277
	NCIDD	172
	NMPVS	535
Protection	NCOS	2,678

Notes:

- Totals displayed above represent either 'total' or 'active' user of each system, depending on which system statistics are available.
- ACORN is publicly available via the internet so user statistics are not applicable. Site visit and reporting data is provided on page 135.
- Child Exploitation Tracking Service user data is not made publicly available.

The Australian Ballistic Information Network (ABIN) and National Firearms Identification Database (NFID) are designed to be used by firearm specialists and are expected to have smaller user numbers. Similarly, the National Criminal Investigation DNA Database (NCIDD) and National Missing Person and Victim System (NMPVS) are designed to be used by limited numbers of forensic specialists.

SERVICE USAGE—NUMBER OF SYSTEM SEARCHES

Level of usage where systems are accessed by way of recorded searches

SERVICE TYPE	SYSTEM	2013–14	2014–15	2015–16	2016–17
Frontline	NPRS	38,000,000	38,342,842	42,191,332	44,314,606
	NNI	1,694,887	1,567,658	1,688,727	1,534,755
	NFID	12,229	15,902	19,595	20,546
	NFLRS	206,000	229,261	253,178	278,010
	NVOI	2,544,849	10,290,729	9,013,329	7,311,687
Biometric and forensic	NAFIS	939,344	969,851	1,258,421	1,478,306
Criminal intelligence	ACID	320,536	248,745	222,075	319,246

Level of usage related to number of police history checks processed

2012–13	2013–14	2014–15	2015–16	2016–17
3,210,000	3,740,000	3,960,000	4,330,000	4,759,577

CONNECT (Continued)

The following measure for the National Police Checking Service is not only an ACIC performance measure, but also one shared with our police partners in providing this service to the wider community and other agencies. When an initial search reveals a potential match (approximately a third of all checks) it is referred to the relevant jurisdiction to confirm the identity in the first instance. If police confirm a match, they then apply the relevant spent conviction legislation and/or relevant information release policies to determine what information can be disclosed, before the check is finalised. This can sometimes be complicated and, in a small number of cases, cause delays beyond the agreed timelines.

Timeframes for completion of police history checks

	2012–13 (%)	2013–14 (%)	2014–15 (%)	2015–16 (%)	2016–17 (%)	BOARD- AGREED BENCHMARK (%)*	BENCHMARK MET
On time— standard checks	96	91.6	95.5	96.7	97.2	95	✓
On time— urgent checks	90	94.4	93.7	88.2	93	95	✗

* Target completion timeframes are 10 days for standard checks, and five days for urgent checks.

STAKEHOLDER SURVEY PERFORMANCE RESULTS

67% of stakeholders surveyed agreed or strongly agreed that ACIC national policing and intelligence systems and services are reliable.

73% of stakeholders surveyed agreed or strongly agreed that ACIC national policing and intelligence systems and services are accessible.

OTHER STAKEHOLDER SURVEY RESULTS THAT AUGMENT THE VIEW OF PERFORMANCE

95% of all stakeholders surveyed indicated that our information and intelligence services and systems were of value, or of great value, to them or their business area.

90% of stakeholders surveyed from organisations that used our services and systems agreed or strongly agreed that our information and intelligence services were valuable to the work of their organisation (all other respondents were neutral).

82% of stakeholders surveyed from organisations that used our services and systems agreed or strongly agreed that the ACIC is trustworthy in handling our partners’ information.

PERFORMANCE CRITERIA ANALYSIS

Our results indicate performance consistent with previous years, with high levels of system availability and steady increases in users and user searches. During our first year of operation as a merged agency, we did not extend the provision of our services to more organisations, other than an increase in National Police Checking Service accredited bodies.

This is the first time we have surveyed stakeholders with specific questions about their views on our systems and services and, although the results are largely positive, it is somewhat concerning that a third of stakeholders surveyed were not convinced our systems were reliable, and a quarter were not convinced our systems were accessible. However, further analysis of the survey data indicates that only a small proportion (6% and 8% respectively) disagreed with the statements, with 26% and 20% providing a neutral answer. This will clearly be an area of focus in the coming year to determine and rectify the causes of this lack of certainty. Other results from our stakeholder survey also indicate that our partners consider the systems and services provided to be valuable to their work.

We are exploring broader collection of system and service performance information to provide a richer set of performance measures across all relevant systems.

CONNECT (Continued)

PERFORMANCE CRITERIA

CONNECT 2: The delivery and implementation of new and enhanced ACIC systems and services satisfies the needs of stakeholders and users.

RESULT

Overall this performance criteria has **not been met.** ✕
(please see performance criteria analysis section on page 44)

EXPLANATION

We measure our performance against this criteria by demonstrating **projects delivered** regarding new and enhanced systems.

As some major new systems are not delivered within a single reporting year, we also provide information on **projects progressed** and **projects planned** during the reporting period.

Currently, the only method we have to measure whether our new and enhanced systems and services satisfy the needs of stakeholders and users is through our general **stakeholder survey** questions about whether needs are being met.

To improve this measurement, we are planning to develop better methodologies to measure our effectiveness in delivering new capabilities and measuring the benefits delivered. We will also undertake a Portfolio, Programme and Project Management Maturity Model (P3M3) Assessment. This looks at the whole system, not just the process, to assess how we deliver our portfolio, program and project-related activities. The layered approach enables us to assess our current capability and plot a path for improvement, prioritising activities with the biggest impact on performance.

By delivering and implementing new and enhanced systems and services, we increase the capability of our partners and we contribute to the effectiveness of our collective efforts to keep Australia safer from crime.

PROJECTS DELIVERED DURING 2016–17

	Page
<ul style="list-style-type: none"> Delivered and implemented an enhancement to the National Child Offender System to make it more usable and efficient for police 	139–40
<ul style="list-style-type: none"> Concluded successful pilot program for a new National Criminal Intelligence System. 	143–45

PROJECTS PROGRESSED DURING 2016–17

<ul style="list-style-type: none"> Progressed development of the new Biometric Identification Services that will incorporate both fingerprint and facial data. 	137–38
<ul style="list-style-type: none"> Progressed technical upgrades to the person of interest and name checking capability that will support the National Police Checking Service and National Police Reference System, and also enable access to policing information for Approved External Agencies. 	131
<ul style="list-style-type: none"> Progressed development of the new Australian Firearms Information Network that will provide police with richer firearm-related data. 	118, 120, 133
<ul style="list-style-type: none"> Progressed development of the new national DNA familial matching capability. 	139
<ul style="list-style-type: none"> Completed planning for the national end user declaration database, which will assist in controlling chemicals that could be used to manufacture illicit drugs. 	135
<ul style="list-style-type: none"> Progressed the interim system that will make domestic violence orders available nationally, and commenced development of the new national fully automated system. 	141–42

CONNECT (Continued)

PROJECTS PLANNED DURING 2016–17	Page
▪ Completed the planning for improvements to the Australian Cybercrime Online Reporting Network .	135–137
▪ Completed planning to enhance and move the National Vehicles of Interest System from an ageing mainframe.	134
▪ Completed planning for the next phase of work on the National Criminal Intelligence System including security and connectivity trials.	144–45
▪ Completed planning for the National Policing Information Hub which will eventually replace the National Police Reference System.	131

STAKEHOLDER SURVEY PERFORMANCE RESULTS

- 65%

of stakeholders surveyed agreed or strongly agreed that new and enhanced ACIC national policing and intelligence systems are being developed and improved to meet their organisation’s needs.
- 54%

of stakeholders surveyed agreed or strongly agreed that the ACIC systems meet the criminal information and intelligence needs of their organisation.

PERFORMANCE CRITERIA ANALYSIS

Although this year has seen a significant program of work to plan, progress and deliver new and enhanced systems, the results from our stakeholder survey indicate there is clearly room for improvement in our delivery of these projects.

As we merged to become a new agency, it became apparent that we needed a new approach to the delivery of our information and intelligence systems. Core to this change has been the need to review and overhaul our project management methodology. As a result, we engaged an external consultant to review our project management office, and will be implementing a program to strengthen and mature our delivery capability over the next 18 months.

Analysis of the more detailed survey material indicates that many partners also rely on their own systems for criminal information and intelligence.

CONNECT (Continued)

PERFORMANCE CRITERIA

CONNECT 3: ACIC is sharing increasing volume, breadth and formats (mediums, platforms) of criminal intelligence and information, police information, and other relevant information.

RESULT

Overall this performance criteria has been **met.** ✓

EXPLANATION

We measure our performance against this criteria by measuring the **volume of data** we share and make available to our stakeholders. We also record our development of **new formats for sharing**.

We share our information in three ways:

- providing systems that our stakeholders can search for the information they need
- disseminating intelligence and other information directly to our partners
- providing public, unclassified information and intelligence.

Our reported performance in relation to sharing information and intelligence under the previous *Connect* performance criteria is also relevant when considering overall performance against this criteria (but is not duplicated within this statement). Specifically:

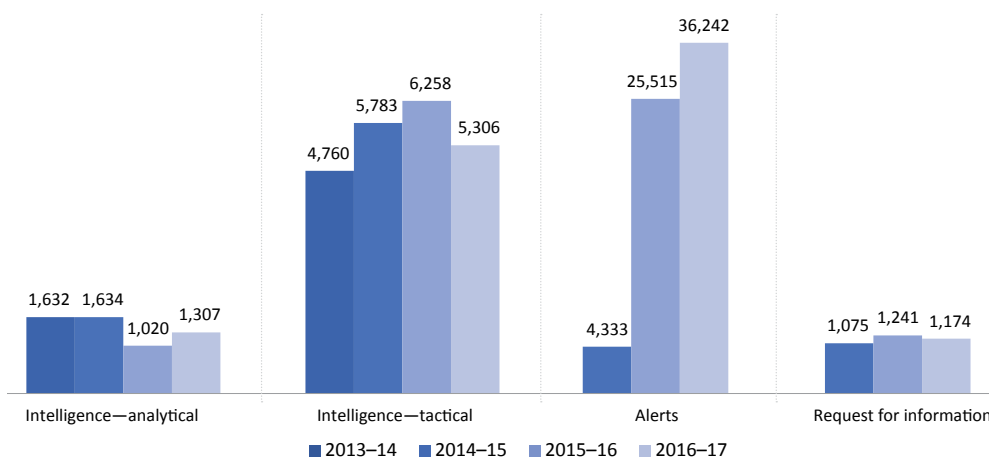
- service provision—the range of agencies we provide services to
- service usage—the number of users and number of system searches.

This criteria is not suitable for measurement through stakeholder surveys.

By sharing information and increasing the information available to our partners—so it can be used by the appropriate police, law enforcement and intelligence agencies—we contribute to the effectiveness of our collective efforts to keep Australia safer from crime.

INFORMATION AND INTELLIGENCE SHARED

Number of times criminal information and intelligence is shared with more than 170 national and international law enforcement partners and other stakeholders



Our new Board-approved **Vestigo Task Force** provides a single, flexible and responsive framework for engaging with overseas partners and Australian agencies regarding information and intelligence on **targeting serious and organised crime**. This framework enables us to **share information** quickly and efficiently between task force members, and the number of international task force member agencies is now triple that of our previous transnational task force, Eligo.

Page
77–80

CONNECT (Continued)

VOLUME OF DATA

This measure is new across all systems. Some historical data is not available on some systems. We have aggregated different categories or types of records where appropriate, to calculate the total number of records held by each system.

*System usage—cumulative total of system records**

SERVICE TYPE	SYSTEM NAME	2012–13	2013–14	2014–15	2015–16	2016–17	NEW
Frontline	NPRS	10,300,000	10,700,000	10,917,140	11,179,307	11,421,474	242,167
	NNI	Not available	Not available	Not available	Not available	9,776,682	Not available
	NFID	Not available	16,000	16,000	17,295	22,320	5,006
	NFLRS	6,300,000	5,200,000	6,999,953	7,772,502	8,064,194	291,692
	ABIN	Not applicable	Not applicable	56,485	62,043	67,367	5,324
	NVOI	Not available	Not available	Not available	Not available	3,465,619	8,326
Biometric and forensic	NAFIS	Not available	6,300,000	6,700,000	7,400,000	8,189,758	Not available
	NCIDD	749,601	837,798	917,947	1,005,322	1,105,007	99,685
	NMPVS	Not applicable	Not applicable	Not applicable	Not available	1,487	1,097
Criminal intelligence	ACID	3,539,834	3,838,024	4,117,146	4,396,917	4,680,347	286,569
	NTS	Not available	Not available	Not available	Not available	15,864	Not available

*some historical data provided had been rounded at the data source

PROVISION OF PUBLICLY AVAILABLE INFORMATION

- Our *Illicit Drug Data Report* informs Australia’s understanding of the illicit drug threat.
- The National Wastewater Drug Monitoring Program is a key initiative in establishing an objective evidence base on illicit drug use.
- Our *Illicit Firearms in Australia* report is our first unclassified assessment of this illicit market.
- Our *Organised Crime in Australia* publication is an unclassified version of our Organised Crime Threat Assessment.

Page
65
113, 115
67
64

NEW FORMATS FOR SHARING

Our current suite of intelligence products ranges from strategic intelligence, intelligence reports and briefs, operational analysis, tactical intelligence products, automated alerting and responses to requests for information. During this year, we added new **operational insights** reports to the ACIC product suite. These reports concisely capture key issues stemming from operational activity that reveal a new methodology or vulnerability, or may have a policy implication.

68

The National Criminal Intelligence System Pilot Program enabled us to start developing the ability to quick search and use previously unshared police data.

144-45

PERFORMANCE CRITERIA ANALYSIS

Our performance this year reflects a similar level to previous years, with steady increases in total records we are making available. Our alerting service continues to grow as new data feeds are added.

In line with our increasing transnational focus, we have expanded our ability to share information with international partners.

CONNECT (Continued)

PERFORMANCE CRITERIA

CONNECT 4: ACIC builds, coordinates and maintains strong and collaborative relationships with domestic and international partners.

RESULT

Overall this performance criteria has been **partially met.** ✓

EXPLANATION

We measure our performance against this criteria by assessing both quantitative and qualitative measures.

We include the range of coordination and collaboration activities, from ongoing **relationship building and activities** at a high-level to specific projects and task forces, at the international, national and state/territory level. We also measure our **collaboration in developing new services**.

We also include feedback from **stakeholder survey** results.

By building and maintaining relationships with our partners and helping to coordinate our collective efforts, we contribute to the national ability to respond to criminal threats and make Australia safer.

RELATIONSHIP BUILDING AND ACTIVITIES

Page

Much of our work has both a national and international context, reflecting the fact that most serious and organised crime transcends borders.

This year we expanded our **international footprint** to strengthen collaboration, intelligence collection and exchange with countries of strategic importance. This has strengthened key relationships and resulted in joint activity against offshore organised crime threats targeting Australia for the importation of illicit goods, cybercrime, and money laundering by moving illicit funds overseas.

74–80

We deployed a total of **eight** ACIC staff to **six** international locations of strategic importance. This included three short-term deployments and five long-term deployments.

In addition, we continued to be actively involved in a range of activities with our Five Eyes Law Enforcement Group partners. Our contributions include: supporting Five Eyes Law Enforcement Group international workshops on cybercrime, encrypted communication and international controllers (money laundering); hosting a Five Eyes Law Enforcement Group meeting in Sydney to share intelligence on the operations of Mossack Fonseca (Panama Papers) and similar companies; presenting joint papers with the Five Eyes Law Enforcement Group Cyber Crime Working Group about cash-out (monetising the proceeds of criminal activity) and virtual currency at the International Cybercrime Operations Summit; and working with the Australian Federal Police to prepare an actionable strategy ahead of the next working group meeting.

National collaborative efforts include our:

- contribution to the **Serious Financial Crime Taskforce**, led by the Australian Federal Police—producing risk assessments to help prioritise work and developing targets and generating leads through our intelligence 91–92
- coordination and leadership of the **Eligo 2 National Task Force**—identifying opportunities to respond to high risk money laundering 88–91
- contribution to the **Criminal Asset Confiscation Taskforce**—helping to generate and prioritise organised crime targets for proceeds of crime action 91
- contributing to **National Task Force Morpheus**—informing and supporting operational priorities and strategies for dealing with outlaw motor cycle gang (OMCG) investigations, targets and threats at a national level 98–99
- contributing to the **Australian Cyber Security Centre**—helping to build a stronger picture of the cybercrime landscape and working with partners to assess and prioritise threats impacting Australia 121–25
- contributing to the **National Ice Taskforce** and National Ice Action Strategy—supporting ongoing implementation, and informing responses through improved data and research. 113, 135

CONNECT (Continued)

We also participated in state-based joint responses through the work of the following multi-agency joint task forces as well as a range of other projects:	Page 103–05
<ul style="list-style-type: none">▪ New South Wales Joint Organised Crime Group▪ Queensland Joint Organised Crime Taskforce▪ Victorian Joint Organised Crime Task Force▪ Tasmanian Serious Organised Crime Unit▪ Western Australia Joint Organised Crime Task Force.	

COLLABORATION IN DEVELOPING NEW SERVICES

When we are planning or developing new national intelligence and information systems and services, we collaborate with our partners and stakeholders by including representatives on our project boards and seeking advice from expert working groups.	
We report progress on our projects to our Board and supporting capability committees, who represent a broad cross section of our key stakeholders in relation to our intelligence and information services.	182–85
Our National Criminal Intelligence System Pilot Program involved 20 Commonwealth, state, territory, and international law enforcement, law compliance and regulatory agencies. Users included intelligence practitioners, investigators, managers and frontline law enforcement personnel.	144–46

STAKEHOLDER SURVEY RESULTS

54% of stakeholders surveyed agreed or strongly agreed that the ACIC collaborates with their organisation as much as we should.

OTHER STAKEHOLDER SURVEY RESULTS THAT AUGMENT THE VIEW OF PERFORMANCE

71% of stakeholders surveyed agreed or strongly agreed that ACIC investigations collaborate with their organisation in the effective disruption of serious and organised criminals.

PERFORMANCE CRITERIA ANALYSIS

We have demonstrated a broad range of collaboration with domestic and international law enforcement partners, and other stakeholders. During this year we have improved our international collaboration to support the shift in our agency’s focus to transnational and offshore vulnerabilities and threats impacting Australia. The broader stakeholder engagement survey results indicate that our stakeholders assess we are performing well in our international role.

Our stakeholder survey results on this performance criteria indicate that we need a stronger focus on stakeholder engagement. Analysis of the research indicates this is particularly the case regarding our communication about delivery of information system projects.

DISCOVER

We build the picture of crime impacting Australia by: collecting information, and combining information to discover new areas of national focus.

PERFORMANCE CRITERIA

DISCOVER 1: The picture of crime impacting Australia is improving because ACIC is discovering crime threats, vulnerabilities, patterns, methods and trends previously unknown.

RESULT

Overall this performance criteria has been **met.** ✓

EXPLANATION

We measure our performance against this criteria through **qualitative achievements** demonstrating our discovery of previously unknown threats to Australia. We also measure our **discovery of new criminal targets**.

Our special **coercive powers** are used to discover new insights into serious and organised crime in Australia. While we cannot report directly on the outcomes from these, we provide comparative statistics on the use of these powers and their contributions to intelligence products as an output measure.

We provide our discoveries to our partners to assist them in their activities and, as such, we also measure our performance through results to specific questions in our **stakeholder survey**.

By discovering and sharing intelligence on previously unknown threats we are contributing to national understanding so that we and our partners can better respond to crime impacting Australia and make Australia safer.

QUALITATIVE ACHIEVEMENTS

	Page
• The Australian Priority Organisation Target list identified top tier offshore targets impacting Australia.	101
• Identified a Russian-based cybercriminal providing services to other cybercriminals targeting Australia.	119–20
• Discovered new techniques used to manufacture several illicit drugs , and chemicals and equipment used for illicit purposes.	112–114
• Discovered a unique drug manufacturing process for a controlled precursor chemical.	112–114
• Identified vulnerabilities in the Australian charity sector that could be exploited for the purposes of terrorist financing .	109–110
• Identified infiltration by serious organised crime groups into the labour hire industry in Western Australia.	123–124
• Identified a suspected criminal syndicate importing cocaine from California via the post.	105
• Identified four possible cybercrime offenders for further investigation.	119–120
• Developed targeting opportunities to prevent the diversion of firearms to serious and organised crime entities.	117–118
• Identified 12 boiler rooms and collected intelligence regarding people offshore involved in boiler room activities.	123–24

DISCOVERY OF NEW CRIMINAL TARGETS

Previously unknown money laundering⁸ and drug importation entities identified

2013–14	2014–15	2015–16	2016–17
95	156	103	125

8. The category of previously unknown targets will be expanded next financial year to include new targets discovered across all types of serious and organised crime.

DISCOVER (Continued)

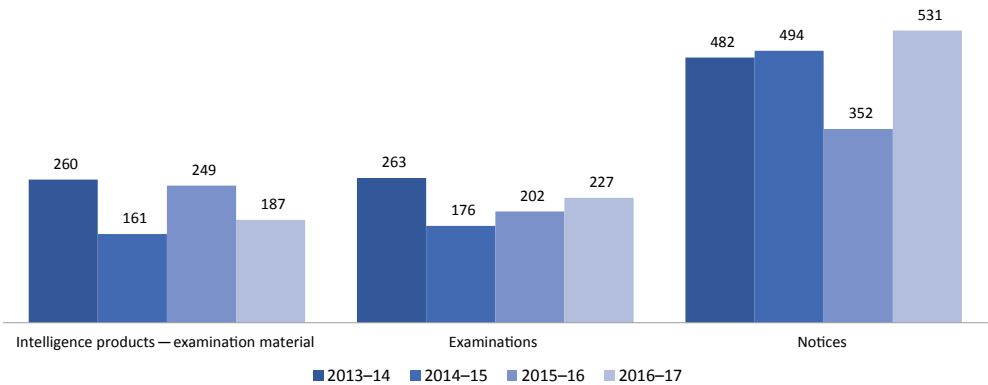
New targets added to the National Criminal Target List

	2013–14	2014–15	2015–16	2016–17
New NCTL targets—added by ACIC	57	29	45	24
New NCTL targets—added by other agencies	119	61	65	78

COERCIVE POWERS

Our coercive powers were used in special operations and special investigations to discover new information about serious and organised crime, by conducting examinations and issuing notices to produce documents or things.

Intelligence products containing discoveries and understanding gained through the use of coercive powers were then shared with partners



STAKEHOLDER SURVEY RESULTS

82% of stakeholders surveyed agreed or strongly agreed that the ACIC provides information and intelligence on changes in the crime environment (such as new crime threats, methods, trends and patterns).

PERFORMANCE CRITERIA ANALYSIS

The types and levels of new discoveries continued at similar levels to recent years, and focused on key priority crime themes.

The deliberate agency shift to focus on offshore transnational targets impacting Australia, building on our previous work on offshore money laundering, is reflected in the increase in the number of previously unknown targets discovered this year.

Similarly, the development of the new Australian Priority Organisation Target list—which focuses specifically on offshore targets—had an impact on the number of new targets we added to the National Criminal Target List, which reduced this year. Overall, the addition of new targets has been supported this year, by harmonising the ACIC and Australian Federal Police (AFP) threat systems to enable AFP targets to more easily be included in the National Criminal Target List.

Our stakeholder survey results also support a positive assessment of our performance against this criteria.

UNDERSTAND

We improve our understanding of the picture of crime impacting Australia by undertaking analysis to guide a better response.

PERFORMANCE CRITERIA

UNDERSTAND 1: The understanding of the picture of crime impacting Australia is increasingly more comprehensive, integrated and relevant.

RESULT

Overall this performance criteria has been **met.** ✓

EXPLANATION

We measure our performance against this criteria by assessing both qualitative and quantitative achievements, including our:

- delivery of intelligence products that provide a comprehensive and integrated **national picture of significant serious and organised crime threats** impacting Australia
- production and sharing of other intelligence that increases understanding of relevant crime themes, including **financial crime, gangs, illicit drugs, illicit firearms, cybercrime** and **other criminal threats**.

We also measure our performance through specific questions in our **stakeholder survey** results.

By building understanding in this way, we improve the national ability of our partners and ourselves to respond to criminal threats and make Australia safer.

QUALITATIVE ACHIEVEMENTS

NATIONAL PICTURE OF SIGNIFICANT SERIOUS AND ORGANISED CRIME THREATS

We produced **flagship** products including the:

- unclassified **Organised Crime in Australia 2017** (released in early 2017–18)
- classified **National Criminal Target Report 2017**.

We maintained the **National Target System** and **National Criminal Target List** and provided **automated alerting** to our partners on the activities of highest risk criminals.

We also produced intelligence improving understanding of their methodologies, including serious organised crime use of self-storage facilities, criminal use of encrypted communication and mobile phone technology, the implications of criminal use of remote piloted aircraft (drones) in Australia, and exploitation of vulnerabilities in the border supply chain. In addition, we produced intelligence on the level of threat posed to the Australian community by organised crime groups of different ethnic backgrounds operating from or through mainland China, and on illicit imports enabled by the exploitation of company registration processes and commercial property lease arrangements.

NATIONAL PICTURE OF FINANCIAL CRIME

We provided a comprehensive understanding of financial crime by producing a risk assessment of financial crime to Australia.

We produced specific intelligence on trade-based money laundering in Australia and reported on risks to Australian business of offsetting foreign investment and transactions. We also improved understanding of offshore financial centres for serious and organised crime, and identified vulnerabilities in Australian corporate directorships. In addition, we produced insights into money laundering methods and key targets, from last year's arrest of international money launderer, Altaf Khanani. We also improved understanding of criminal exploitation of the financial sector, use of offshore corporate structures to conceal criminal wealth, transnational money laundering activities, and social security fraud.

Page

64

64–65

147–48

68–69

86

68–69

UNDERSTAND (Continued)

NATIONAL PICTURE OF GANGS

We produced a strategic analysis of the response by OMCs to **anti-gang legislation** nationally.

Page

69

We produced further intelligence about **OMCG criminal activities** including illicit drug transportation between Australian states, extortion activities in the heavy haulage industry, drug importation and distribution, corruption and counter-intelligence activities, links to the sex industry, and visa migration fraud.

96

We produced intelligence to increase understanding of **how OMCs are organised and operate**, specifically the establishment of chapters nationally, leadership, pathways for joining, domestic and international expansion, activities at the border, and state/territory criminal footprints.

97

We also produced intelligence on **OMCG links to legitimate businesses** and money laundering through legitimate businesses including the tattoo industry, and relationships with legal facilitators involving the supply of illicit drugs in lieu of payment for services.

96

NATIONAL PICTURE OF ILLICIT DRUGS

We produced our **flagship Illicit Drug Data Report 2015–16**, our annual statistical report summarising arrest, detection, seizure, purity, profiling and price information, sourced from across law enforcement nationally.

65

We captured comprehensive and reliable data on drug consumption and usage patterns across the country through the **National Wastewater Drug Monitoring Report** that provides a measure of demand for a range of licit and illicit drugs.

115

We produced intelligence on **methylamphetamine** trafficking and manufacture in regional areas of Australia, **cocaine** importation methods used by transnational groups, the **pharmaceutical opioids** market, and the renewal in the **MDMA** market. We also produced intelligence on drug importation methodologies and specific drug market pricing.

112–14

NATIONAL PICTURE OF ILLICIT FIREARMS

We improved understanding of illicit firearms by producing an unclassified assessment of the market in our **Illicit Firearms in Australia** report.

67

We also produced intelligence on the importation and possession of firearms and the diversion of firearms to serious and organised crime entities.

117–18

NATIONAL PICTURE OF CYBERCRIME

We enhanced national understanding of the threat and vulnerabilities posed by **cybercrime threats** to Australia.

We wrote the cybercrime components of the **2016 Australian Cyber Security Centre Threat Report**.

We also produced intelligence on the Crysis ransomware affecting Australia and New Zealand, and improved understanding of the threat posed by the WanaCry and Petya ransomware campaigns by analysing reports to the Australian Cybercrime Online Reporting Network, and produced intelligence that enhanced understanding of new cybercrime methodologies.

118–19,
121

OTHER CRIMINAL THREATS TO AUSTRALIA

We provided specific targeted intelligence that supported or advanced investigations about **foreign fighters** and **financing of terrorism**.

108–10

We also provided an assessment on serious organised crime involvement in **identity crime** and produced intelligence on serious and organised crime involvement in public sector corruption.

68, 87

We improved understanding of **offshore gambling platforms** and how these platforms are used by serious and organised criminals in Australia, with associated insights into vulnerabilities and risks to Australian sport, revenue and integrity.

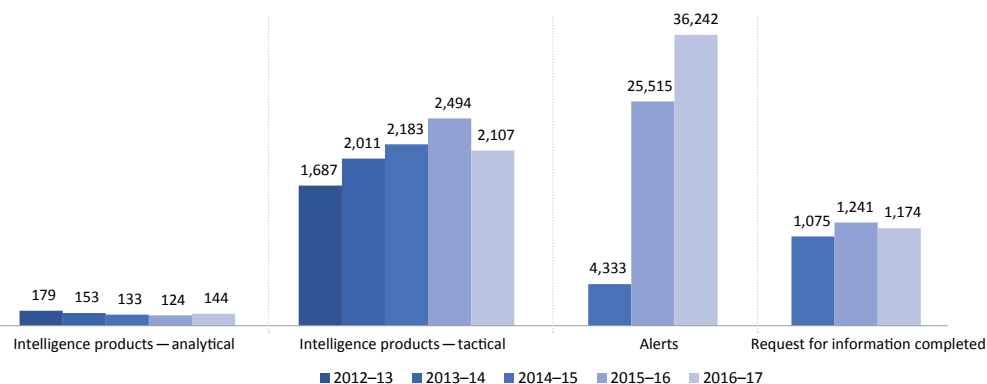
118

UNDERSTAND (Continued)

QUANTITATIVE ACHIEVEMENTS

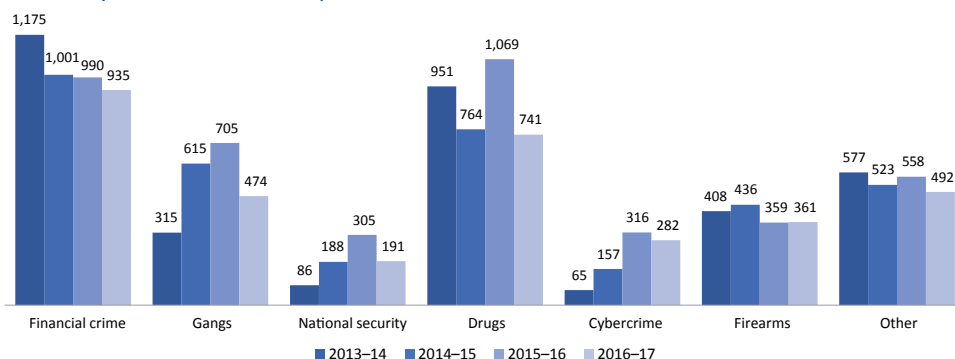
We collected criminal intelligence and combined it with information and intelligence from partner agencies to create and share a comprehensive national picture of criminality in Australia.

Number of products produced



Note: Alerting service commenced in December 2014

Number of products that focused on priorities



Note: The graph above displays the number of intelligence products that relate to a National Criminal Intelligence Priority (see page 69). As one intelligence product will often relate to multiple priority categories, the figures displayed will not match the overall amount of intelligence products we produced.

STAKEHOLDER SURVEY RESULTS

75%

of stakeholders surveyed agreed or strongly agreed that ACIC intelligence products provide a comprehensive and relevant understanding of crime impacting Australia.

PERFORMANCE CRITERIA ANALYSIS

Our results support an assessment of strong consistent performance against this criteria, in line with previous levels of performance, including the planned production of our flagship products. The results also show strong levels of output across crime types impacting Australia and identified as priorities by our Board. This result is supported by our stakeholder survey results in relation to this area of performance with only 8% of respondents disagreeing or strongly disagreeing that our products provide a comprehensive and relevant understanding of crime impacting Australia.

UNDERSTAND (Continued)

PERFORMANCE CRITERIA

UNDERSTAND 2: The understanding of the picture of crime impacting Australia is increasingly used to guide strategies and responses to crime.

RESULT

Overall this performance criteria has been **met.** ✓

EXPLANATION

This is a new type of measure for our agency as we seek to provide better performance reporting on our value and influence in assisting in guiding law enforcement and other strategies to deal with the threats posed by crime impacting Australia.

We measure our performance against this criteria through **qualitative achievements** where our intelligence has guided strategies and responses by our partners to crime in Australia. We will be building our capability to better collect further instances and feedback from partners on how our intelligence and other services are used.

We also measure our stakeholders’ views of our performance against this criteria through specific questions in our **stakeholder survey**.

By building understanding that is used to guide strategies and responses to crime by our partners, we contribute to improving the national ability of our partners and ourselves to respond to criminal threats and make Australia safer.

QUALITATIVE ACHIEVEMENTS

During 2016–17, we developed the **Australian Priority Organisation Target** list, which details the top tier international and transnational targets that play a significant role within our serious and organised crime environment. We continually assess the threat from these priority targets and adjust the list as targets are assessed and disrupted. This initiative is designed to guide how we and our partners respond, both domestically and internationally, to these threats.

Page

101

We continued our maintenance of the **National Criminal Target List**—a contemporary list that enables a clear national picture of the threat and risk associated with Australia’s nationally significant serious and organised crime targets, noting that we are reviewing how this can be adjusted to best support a national response into the future. We also maintained and updated the National Gangs List, which is a secure, validated and nationally agreed list of OMCG members.

147–48

We provided information to the Australian Government’s **Black Economy Taskforce** about criminal preference for the \$50 banknote, rather than the \$100, because of its ubiquitous use in legitimate transactions, along with other intelligence in relation to cleaning and intermingling of the proceeds of crime into the legitimate financial system.

87

We influenced the shape of national responses to the demand for **illicit drugs** in Australia and the harms to the community by analysing and releasing initial **wastewater drug monitoring program** results.

115

We supported implementation of the National Organised Crime Response Plan 2015–18, recommendations of the National Ice Action Strategy, and **whole-of-government responses** to drug problems including the National Drug Strategy.

70

UNDERSTAND (Continued)

QUALITATIVE ACHIEVEMENTS

	Page
Our Financial Crime Risk Assessment , released in April 2017, provides an evidence base to prioritise the work of the Commonwealth Serious Financial Crime Taskforce.	86, 91
We produced intelligence on OMCGs , including profiles, to inform policymakers.	97
We assisted and informed efforts to strengthen Australia's anti-money laundering/counter-terrorism financing regime.	70, 88
We informed inter-departmental committees on drug issues . We also provided information on illicit drug markets and identified importers and traffickers, drug 'cooks', and modus operandi of the more sophisticated networks to assist partners with operational decisions and responses.	70, 111–16

STAKEHOLDER SURVEY RESULTS

80% of stakeholders surveyed agreed or strongly agreed that ACIC intelligence and information inform policy/legal response⁹ to criminal activity threatening Australia.

63% of stakeholders surveyed agreed or strongly agreed that ACIC intelligence products on crime impacting Australia influence their approach to tackling crime.

PERFORMANCE CRITERIA ANALYSIS

Our performance in providing intelligence across a wide range of crime themes have informed and guided strategies at a similar level to previous years, and our stakeholder survey results indicate satisfaction with our level of performance against this criteria.

9. This survey question is used for both our criteria in relation to guiding strategies and preventative responses as policy and legal strategies are largely designed to be preventative.

RESPOND

We improve the national ability to prevent and disrupt crime and protect the community.

PERFORMANCE CRITERIA

RESPOND 1: Prevent—The ACIC better informs and influences the hardening of the environment against crime.

RESULT

Overall this performance criteria has been **met.** ✓

EXPLANATION

We measure our performance against this criteria through **qualitative achievements** in informing preventing and hardening of the environment against crime and instances where we have contributed to preventing crime. As our intelligence is provided to our partners to assist them in their activities, we also measure our performance through results to specific questions in our **stakeholder survey**. By informing and influencing responses to harden the environment against crime, we contribute to the shared efforts to prevent crime impacting Australia and make Australia safer.

QUALITATIVE ACHIEVEMENTS	Page
We contributed to a series of industry consultation papers that formed part of a statutory review into the regulation of professionals under the <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> .	88
We made submissions to the South Australian Parliament relating to the South Australian Statutes Amendment (Decriminalisation of Sex Work) Bill 2015 .	123
We profiled the set up and operation of boiler rooms in Australia, including the manipulation of travel/working visas , to inform operational responses and support preventative measures.	123
We provided information to enable the development of prevention activities regarding exploitation of Australia's migration system in relation to migration agents, electronic travel arrangements and market manipulation of the labour hire industry.	123–26
We supported implementation of nationally consistent controls over precursor chemicals , and an agile mechanism to include additional chemicals of concern in schedules of controlled chemicals.	113
Our joint monitoring of OMCG travel movements, with both national and international partners, has resulted in international OMCG members being refused entry to Australia for providing false and misleading information on incoming passenger cards (Project Legion).	98
We assessed licenses of firearm holders , including people who have failed to declare criminal convictions.	120
This year we also began a consultation program to prevent regeneration of the heroin market in Australia from the non-medical use of pharmaceutical opioids as has occurred in the United States.	113

STAKEHOLDER SURVEY RESULTS

80% of stakeholders surveyed agreed or strongly agreed that ACIC intelligence and information inform policy/legal responses to criminal activity threatening Australia.

PERFORMANCE CRITERIA ANALYSIS

Our intelligence across a wide range of crime themes has informed and influenced activities to harden the environment against serious and organised criminal activities at similar levels to previous years, and our stakeholder survey results indicate satisfaction with our performance.

RESPOND (Continued)

PERFORMANCE CRITERIA

RESPOND 2: Disrupt—ACIC is conducting investigations and intelligence operations, and producing intelligence that is effective in disrupting, disabling and dismantling serious and organised crime.

RESULT

Overall this performance criteria has been **met.** ✓

EXPLANATION

This performance criteria directly relates to our role working with our partners to disrupt **serious and organised crime**, distinct from our broader general role supporting responses to all types of crime (such as broader volume crime and victim crime).

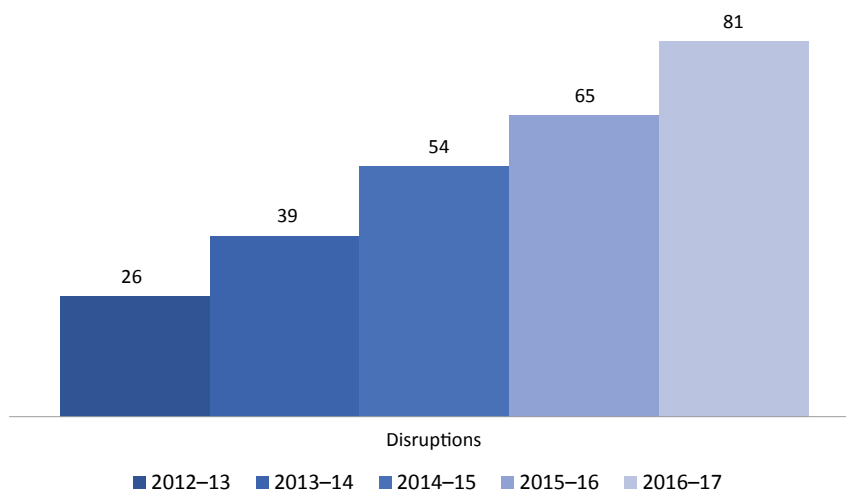
Through our investigations and intelligence operations, we produce and share a wide range of intelligence and information regarding serious and organised criminals. As this contributes to our partners' work against serious and organised crime, we cannot confidently measure all the impacts of these products and the disruptive outcomes that we contribute to. However, when we work closely and collaboratively with our partners or when we are informed of the direct results our intelligence has enabled, we can measure our performance against this criteria through comparative statistics of entity disrupted, **arrests and convictions**, **seizures** of drugs, cash and also **proceeds of crime** restraints, tax assessments and **recovery of assets**.

We also measure our stakeholders' views of our performance against this criteria through responses to specific questions in our **stakeholder survey**.

By working with our partners to effectively disrupt serious and organised crime, we are making Australia safer.

DISRUPTIONS

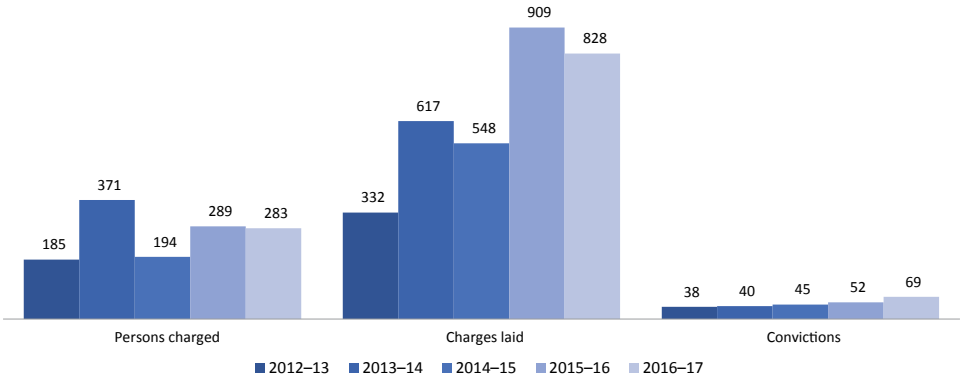
Number of criminal entities disrupted



RESPOND (Continued)

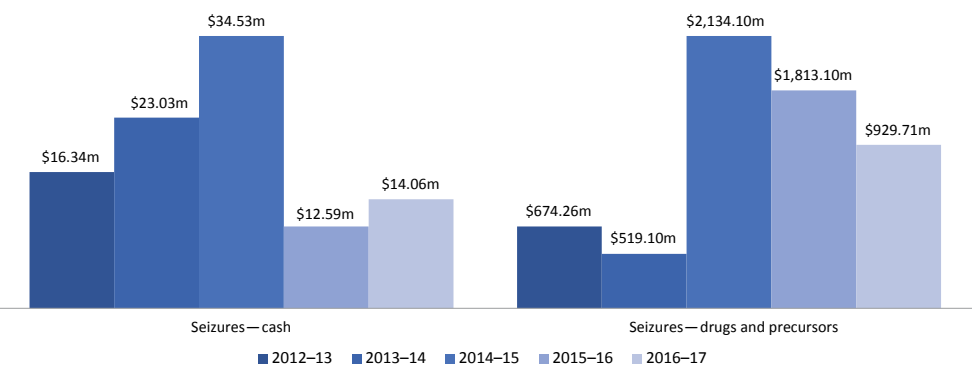
ARRESTS AND CONVICTIONS

Number of people charged, charges laid, and subsequent convictions



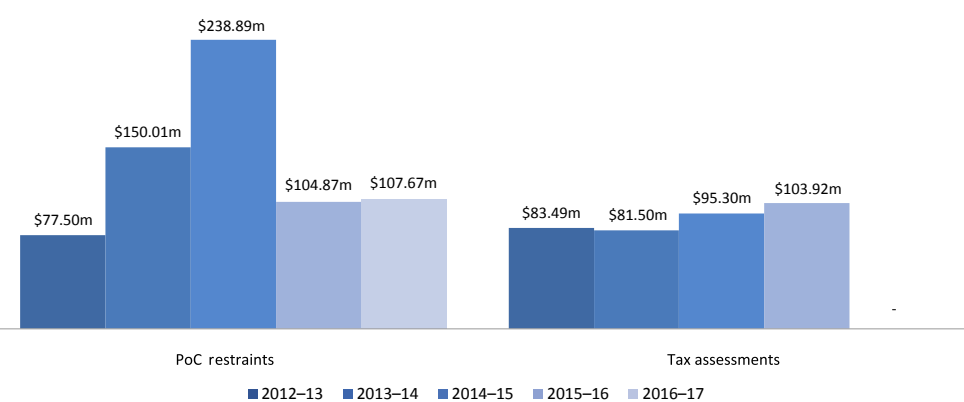
SEIZURES

Total monetary value of cash, illicit drug and precursor chemical seizures



PROCEEDS OF CRIME AND TAX ASSESSMENTS

The total monetary value of assets restrained considered to be proceeds of crime (PoC), and tax assessments issued by the Australian Taxation Office, that we directly enabled or supported



Note: At the time of preparation of this annual report, tax assessment figures were not available from the Australian Taxation Office. The 2016–17 figures will be reported in next year's annual report.

RESPOND (Continued)

SUPPORTING THE CRIMINAL ASSETS CONFISCATION TASKFORCE

Number of target referrals made to the Criminal Assets Confiscation Taskforce (CACT), and its estimated monetary value of offending

REFERRALS TO CACT	2013–14	2014–15	2015–16	2016–17
Number of referrals	24	22	19	14
Number of entities	130	88	132	140
Value of offending	\$166.49m	\$80.81m	\$56.01m	\$137.30m

Note: During 2017–18 we will review our methods of reporting our performance in relation to proceeds of crime and tax assessments.

STAKEHOLDER SURVEY RESULTS

71%

of stakeholders surveyed agreed or strongly agreed that ACIC investigations collaborate with their organisation in the effective disruption of serious and organised criminals.

OTHER STAKEHOLDER SURVEY RESULTS THAT AUGMENT THE VIEW OF PERFORMANCE

84%

of stakeholders surveyed said that ACIC investigations were of value or great value.

PERFORMANCE CRITERIA ANALYSIS

There can be many influences on the trends in these results, including changing priorities, funding cycles, staffing numbers and operational cycles that do not always lead to disruptive results within a given reporting year. It is usual to see results increase and decrease from year to year, particularly related to seizures, where a large seizure can spike a year's result. The longer overall trend is more appropriate to consider for assessment of yearly performance.

Overall, our performance measures of disruptions, arrests and convictions, and referrals to the CACT are all in line with, or above, recent years.

We noted last year that we had changed our operational focus to transnational criminals impacting Australia and this had affected our onshore cash and drug seizure results, and this is reflected again this year. The current results represent a significant outcome for our agency, noting that the large seizures during the two previous years were extraordinary.

Due to our transnational focus, we will plan a new approach to measuring disruptions to ensure all our performance is effectively captured and that our measurement is standardised, objective and scalable.

RESPOND (Continued)

PERFORMANCE CRITERIA

RESPOND 3: Protect—ACIC partners are better informed and enabled to undertake policing and community safeguarding activities through access to national information systems and services.

RESULT

Overall this performance criteria has been **met.** ✓

EXPLANATION

This performance criteria relates to our agency’s role in supporting our partners, particularly police, the wide range of roles they undertake in protecting the community against all types of crime and, in a range of circumstances, including national disasters. This is distinct from the previous ‘Respond’ criteria that relates specifically to responding to serious and organised crime.

It is not possible for our agency to measure the outcomes our partners achieve that contribute to our shared purpose of keeping Australia safer through the use of the systems and services we provide, as this information is not systematically collected by our partners and/or not accessible to us. As a result, our measurement under this performance criteria focuses on our performance in better informing and enabling our partners through access to our national information systems and services.

To measure our performance we must rely on a similar range of measures that we have provided to demonstrate how we ‘Connect’ through these national information systems and services.

We measure our performance with the following measures (as reported on pages 36 to 37) across our different systems by assessing:

- **system availability**—percentage of time systems were available
- **service provision**—range of agencies we provide services to
- **service usage**—number of users and number of system searches
- **service breadth**—volume of data shared and made available.

In addition we measure data matches through use of our **frontline, biometric and forensic services**.

We also measure our stakeholders’ views of our performance against this criteria through responses to specific questions in our **stakeholder survey**.

SERVICES PROVIDED

Our frontline services enable police agencies to share essential policing information with each other in relation to people, vehicles, firearms and ballistics. This can assist them to undertake a broad range of community policing and criminal investigations.

We also help police solve crimes through our biometric services including fingerprints and DNA systems.

In addition, we provide services that assist police with identifying missing persons, human remains and disaster victims.

Our protection services also assist police with managing child offenders and identify child exploitation images.

We also provide the police history checking service and cybercrime reporting.

Page
130–35

RESPOND (Continued)

MATCHES

We do not currently have insight/data into the discoveries made by our partners when using the services we provide. However, with some of our services, we can capture when there is a positive data match.

System usage—positive data matches

SERVICE TYPE	SYSTEM NAME	2012–13	2013–14	2014–15	2015–16	2016–17
Frontline	ABIN (Ballistics)	Not applicable	Not applicable	76	88	54
Biometric and forensic	NAFIS (Fingerprints)	58,693	60,398	63,971	83,940	90,729
	NCIDD (DNA)	28,270	140,498	56,685	46,829	88,493

STAKEHOLDER SURVEY RESULTS

90%

of stakeholders surveyed from organisations that used our services and systems agreed or strongly agreed that our information and intelligence services were valuable to the work of their organisation (all other respondents were neutral).

OTHER STAKEHOLDER SURVEY RESULTS THAT AUGMENT THE VIEW OF PERFORMANCE

95%

of all stakeholders surveyed indicated that our information and intelligence services and systems were of value, or of great value, to them or their business area.

64%

of stakeholders surveyed agreed or strongly agreed that our national policing and intelligence systems enabled them to do their jobs more effectively.

In addition, our stakeholder survey research indicated that our law enforcement partners repeatedly emphasised how critical ACIC systems were to their policing roles. These systems are seen by our police partners as critical for safe and effective policing and are heavily relied on by police at all levels.

PERFORMANCE CRITERIA ANALYSIS

Our performance indicates that we have informed and enabled our partners through our delivery of national information systems and services, and this is supported by our stakeholder survey results.

OVERALL ANALYSIS

In this first year of our operation as the ACIC, we have continued a consistent level of performance across our core functions, as reflected in the majority of our performance criteria.

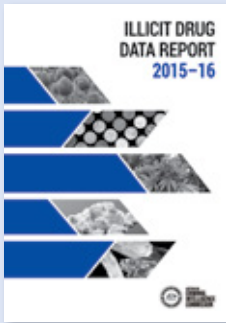
We have identified some areas for improvement in our project delivery capability and our related collaboration and engagement activities with stakeholders.

Our stakeholder survey also asked respondents to rate our general performance on a scale of 1 to 10, and we achieved an average of **6.8**.

We consider that, overall, this reflects a solid level of performance for our first year as an agency, and sets a benchmark which we will use to inform where we can improve our performance in the coming years.

SNAPSHOT OF INTELLIGENCE PRODUCTS AND ADVICE IN 2016–17

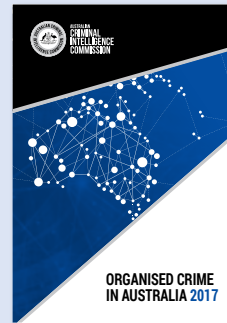
3 flagship products produced, adding to the picture of criminality in Australia



**Illicit Drug Data
Report 2015–16**



**National Criminal
Target Report 2017**



**Organised Crime
in Australia 2017**
(released in early 2017–18)



2,251 intelligence products shared with 174 agencies (excluding automated alerts)



36,242 automated alerts on significant criminal targets



10 strategic assessments of crime types, markets or criminal issues



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



Evidence provided to **parliamentary inquiries** into topics including ice and taxpayer engagement with the tax system



75% of stakeholders surveyed agreed our intelligence products provide a comprehensive and relevant **understanding of crime impacting Australia**



2.2 STRATEGIC INTELLIGENCE

AIM: BUILD PICTURE OF CRIME IMPACTING AUSTRALIA

Having a detailed picture of serious and organised criminal activities, methods and emerging threats enables a more effective national response to disrupt crime and make it harder for criminals to operate in Australia. 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 TO CRIME

We achieve our aim by producing intelligence products, advice and recommendations that enhance national understanding of the 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 shared only with partner agencies. However, we share intelligence with private industry as appropriate and release unclassified information to the public to help prevent or harden the environment against serious and organised crime threats.

FLAGSHIP PRODUCTS

Our flagship publications are collectively called the *Picture of Criminality in Australia*. They include both classified and public information assessing current and emerging serious and organised crime threats, details on known targets and the threat and risk they pose, a statistical overview and analysis of illicit drug markets over the past 12 months, and a forecast of future organised crime trends. We share our classified reports with partners and also produce public reports. We will be reviewing delivery of these publications over the coming year.

ORGANISED CRIME IN AUSTRALIA

During the year we prepared the *Organised Crime in Australia 2017* report, which was released soon after the end of the reporting year, on 24 August 2017.

This report is an unclassified version of our classified risk assessment, the *Organised Crime Threat Assessment*. It highlights the widespread impact of organised crime on everyday Australians—informing government, industry, the private sector and the community about key crime markets and enablers, and how they pose a threat to the Australian community. Sharing this information is one of the ways we strengthen Australia’s ability to disrupt criminal networks and harden the environment against serious and organised crime.

NATIONAL CRIMINAL TARGET REPORT

On 21 June 2017 the ACIC Board endorsed the release of the first edition of the biennial classified *National Criminal Target Report* since the establishment of the ACIC.

While the *Organised Crime Threat Assessment* looks at the ‘what’ of organised crime, the *National Criminal Target Report* looks at the ‘who’. It informs both operational law enforcement responses and strategic measures to combat serious and organised crime. The involvement of a wide range of Commonwealth, state and territory agencies ensures the report is informed from a national perspective and provides a holistic understanding of organised crime groups, threat characteristics and criminal activities. This report highlights key opportunities to enhance national law enforcement efforts in identifying, targeting and responding to the highest risk serious and organised crime groups.

The report combines:

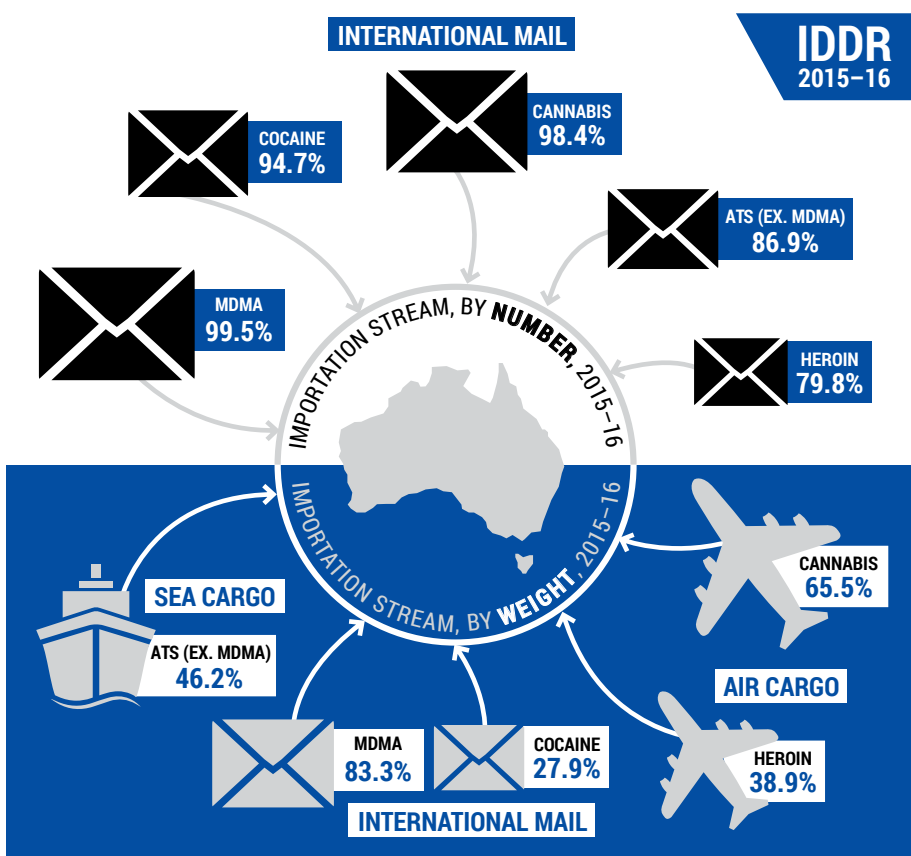
- analysis of national and regional data from the National Criminal Target List (see page 147) and National Gangs List (see page 148)
- regional reports incorporating contributions by Joint Analyst Groups and law enforcement agencies in each jurisdiction

- information and intelligence derived from law enforcement task forces, operations and investigations
- consultation through the Serious Organised Crime Coordination Committee and the National Criminal Intelligence Capability Committee (see page 184).

ILLICIT DRUG DATA REPORT

We released our 14th edition of the *Illicit Drug Data Report* on 30 June 2017.

This annual statistical report informs Australia's understanding of, and collective response to, the illicit drug threat. It is the only report of its type in Australia and provides an important evidence base to assist decision-makers to develop strategies to address the threat posed by illicit drugs. This public report covers the previous financial year's data and includes arrest, detection, seizure, purity, profiling and price information, compiled from data from state and territory police, the Australian Federal Police, the Department of Immigration and Border Protection, forensic laboratories and research centres. The 2015–16 report also includes an overview of drug-related initiatives provided by the Department of Health.





Paul Jevtovic APM, former AUSTRAC CEO, described the Illicit Drug Data Report 2015–16 as a 'world class product'.



Findings of the *Illicit Drug Data Report 2015–16* include:

- a record 115,421 national illicit drug seizures and 154,538 arrests—this included a record number of national seizures and arrests for amphetamine-type stimulants (ATS), cannabis and cocaine
- while the total weight of illicit drugs seized nationally in 2015–16 decreased to 21 tonnes, compared to 23.5 tonnes in 2014–15, it is the fourth highest weight on record
- importation methods included:
 - international mail—which accounted for the greatest proportion of the number of illicit drug detections at the border and the weight of 3,4-methylenedioxymethamphetamine (MDMA) and cocaine detected
 - air cargo—which accounted for the greatest proportion of the weight of cannabis and heroin detected at the border
 - sea cargo—which accounted for the greatest proportion of the weight of ATS (excluding MDMA) detected at the border
- the number of clandestine laboratories detected nationally decreased from 667 to 575.

OTHER FLAGSHIP REPORTS

Two other flagship reports that were not scheduled for release this reporting year also form part of the *Picture of Criminality in Australia* suite.

Organised Crime Threat Assessment

This is a classified risk assessment that examines Australia's key illicit markets and the activities that enable serious and organised crime. We assess supply and demand drivers, dynamics, the capability and intent of the known actors, and the harms and consequences resulting from each market, to establish overall levels of risk.

Organised Crime 2025

The classified *Organised Crime 2025* report examines factors likely to affect the Australian criminal environment over the next decade. The report informs decision-making on proactive response strategies, including structural development and operational priorities. We produced this report last year, the third in our series of strategic foresight products.

FEATURE: ILLICIT FIREARMS IN AUSTRALIA REPORT

ASSESSMENT OF THE ILLICIT FIREARMS MARKET ENHANCES NATIONAL PICTURE

In October 2016 we released *Illicit Firearms in Australia*, our first unclassified assessment of this illicit market. While Australia has some of the strongest firearms controls in the world, illicit firearms remain a desirable commodity and enabler of criminal activity. Criminals use firearms to protect their illicit interests, such as drugs, or to commit acts of violence and intimidation. This criminal use and movement of illicit firearms is a serious national problem that impacts every Australian state and territory and affects community safety.

Our report found that:

- firearms are diverted to the illicit market in various ways using both historical and contemporary methods (noting that a substantial number of firearms are untraceable, and cannot be attributed to either method)
- historical methods include the 'grey market'¹⁰, technical loopholes in legislation and regulation, and reactivation of previously unaccountable deactivated firearms
- contemporary methods include theft from licensed individuals and dealers (including suspected staged theft), domestic assembly or manufacture, illegal importation, and failure to record or reconcile interstate movement of firearms
- an increasing number of organised crime groups, including OMCs, are trafficking illicit firearms
- the illicit firearms market is conservatively estimated to include more than 250,000 long-arms and 10,000 handguns
- firearms enthusiasts not previously linked to organised criminal activity influence demand by sourcing rare items from the illicit market
- technologies like darknets, encryption and digital currencies are enabling sales to occur anonymously, compounding the illegal movement of firearms both nationally and internationally
- between 2004 and 2016 we received 6,874 requests for domestic firearms traces from our Australian law enforcement partners, with the greatest proportion of illicit firearms traced identified as coming from the grey market within Australia.

We will continue to engage with our law enforcement partners and the firearms industry to collect national intelligence on illicit firearms. Building a better understanding of the nature and extent of the market, as well as identifying key gaps and vulnerabilities, helps inform appropriate responses to target and reduce criminal access to and use of firearms in the community.



10. The 'grey market' consists of illegally held longarms that should have been registered or surrendered under the 1996 National Firearms Agreement but were not, and a small number of black powder handguns, which at one time were not required to be registered in some jurisdictions.

STRATEGIC ASSESSMENTS AND INSIGHTS

Alongside our regular flagship strategic intelligence products, each year we also produce targeted strategic assessments and strategic insights products on a range of topics.

STRATEGIC ASSESSMENTS

Our strategic assessments provide ACIC 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 2016–17 we produced strategic assessments on:

- identity crime
- financial crime
- current and emerging criminal opportunities associated with offshore online gambling platforms
- professional facilitators of organised financial crime
- the poaching and sale of turtle and dugong meat in Queensland
- the involvement of serious and organised crime groups in Australian public sector corruption
- the prevalence of trade-based money laundering in Australia
- vulnerabilities in Australian corporate directorships.

STRATEGIC AND OPERATIONAL INSIGHTS

Our strategic and operational insights products provide new insights into serious and organised crime threats, groups, vulnerabilities, methodologies and markets. These products reflect key strategic observations and learnings from ACIC 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:

- the OMCG response to anti-gang legislation
- Chinese involvement in the Australian methylamphetamine market
- Crysis ransomware affecting Australia and New Zealand
- risks to Australian business from offsetting foreign investment and transactions
- an offshore financial centre for serious and organised crime
- illicit imports enabled by the exploitation of company registration processes and commercial property lease arrangements
- key strategic intelligence findings related to intelligence and operational support for syndicate targeting strategies
- encryption and serious and organised crime use of mobile phone technology
- money laundering methods and key targets (following the arrest of international money launderer, Altaf Khanani, last year)
- the implications of criminal use of remote piloted aircraft (drones) in Australia
- the misuse of pharmaceutical opioids in regional New South Wales.

NATIONAL CRIMINAL INTELLIGENCE PRIORITIES

The National Criminal Intelligence Priorities (NCIPs) set out the known national criminal threats affecting Australia, and guide national collection efforts on enduring and emerging crime issues as well as national reporting.

The ACIC Board establishes the NCIPs following advice from the ACIC and the National Criminal Intelligence Capability Committee (see page 184), which reviews the NCIPs and ensures they represent the current criminal environment in Australia at the Commonwealth, state and territory level.

The NCIPs are usually reviewed every two years.

POLICY SUBMISSIONS AND ADVICE

An important aspect of our response to crime is the contribution we make to the development of whole-of-government strategies, policies and initiatives. We do this by using findings from our investigations, information sharing and intelligence work to inform government of potential opportunities to strengthen policy and legislation to harden Australia against crime.

CONTRIBUTING TO POLICY ISSUES AND RESPONSES

During 2016–17 we were actively involved in a range of national policy issues and responses. For example, we supported the implementation of the National Organised Crime Response Plan 2015–18 and the National Ice Action Strategy, and whole-of-government responses to drug problems including the National Drug Strategy.

We also collaborated with our law enforcement and national security partners on whole-of-government initiatives to improve information and intelligence sharing capabilities, contributing to the whole-of-government response to the Royal Commission into Institutional Responses to Child Sexual Abuse and helping to strengthen Australia's anti-money laundering/counter-terrorism financing regime.

INFORMING REVIEWS AND NATIONAL FORUMS

An independent review of the operations of the *Australian Crime Commission Act 2002* occurs every five years, with the last review taking place in 2015–16 (prior to the formation of the ACIC). Consideration of the final report continues and we will seek to implement any agreed recommendations arising from the review.

We also contributed to:

- the Independent National Security Legislation Monitor's review into certain questioning and detention powers in relation to terrorism in October 2016
- the Australian Capital Territory (ACT) Government review of the *Working with Vulnerable People (Background Checking) Act 2011* (ACT)
- the Productivity Commission's inquiry into data availability and use
- a range of forums addressing serious and organised crime.

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 National Justice and Policing Senior Officers Group, the Cyber Security Board, the National Intelligence Coordination Committee, Five Eyes Law Enforcement Group and the Citizenship Loss Board.

CONTRIBUTING TO PARLIAMENTARY INQUIRIES

Throughout the year we contributed to parliamentary inquiries including the:

- Parliamentary Joint Committee on Law Enforcement inquiry into crystal methamphetamine (ice), providing evidence about market trends, serious and organised crime and our response to the threat
- House of Representatives Standing Committee on Tax and Revenue inquiry into taxpayer engagement with the tax system, providing evidence about the number of ways organised crime perpetrates revenue and taxation fraud in Australia
- South Australian Parliamentary Select Committee's inquiry on the Statutes Amendment (Decriminalisation of Sex Work) Bill 2015
- Parliamentary Joint Committee on Intelligence and Security review of ASIO's questioning and detention powers.

OTHER PRODUCTS

In addition to strategic intelligence, we produce a range of other products such as intelligence reports and briefs, operational analysis, tactical intelligence products, automated alerts and responses to requests for information.

OTHER PRODUCTS PRODUCED THIS YEAR

- **Reports and briefs**—We produced 73 of these analytical products during the year, informing heads of government agencies, senior policymakers and ACIC stakeholders of emerging criminal issues or events. These include regular intelligence summaries, reports on current and emerging issues and intelligence briefs.
- **Operational analysis and insights**—We produced a total of 47 of these analytical products this year. Operational analyses advise on current, emerging and predicted criminal trends, methodologies, activities, vulnerabilities and associated impacts. Operational insights reports are new to the ACIC product suite for 2016–17 and concisely capture key issues stemming from operational activity that reveal a new methodology or vulnerability or that may have a policy implication. Both product types also inform immediate operational decisions as well as decisions for the next planning cycle.
- **Tactical intelligence products**—We produced 2,107 information reports and other information this year. This is our main way of recording and sharing information derived from operational activity.
- **Automated alerts**—We produced 36,242 alerts this year.
- **Responses to requests for information**—We responded to 1,174 requests for information from national and international partners, with an increasing proportion relating to the Australian Gangs Intelligence Coordination Centre (AGICC). Responses to 616 of these requests included information and intelligence. The remainder were advised there are currently no relevant data holdings. Both of these responses are valuable to investigating agencies.

ACIC intelligence products and other outputs

PRODUCT TYPE	2013–14	2014–15	2015–16	2016–17
Analytical	153	133	124	144
Tactical	2,011	2,183	2,494	2,107
Automated alerts	N/A	4,333	25,515	36,242
TOTAL (all products)	2,164	6,649	28,133	38,493

Intelligence products and advice performance scorecard 2016–17

AIM OF OUR CRIMINAL INTELLIGENCE WORK	HOW WE ACHIEVED THIS AIM	CONTRIBUTION TO OUR PERFORMANCE CRITERIA			
		CONNECT	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 	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. <ul style="list-style-type: none"> filling intelligence gaps by identifying vulnerabilities and indicators of serious and organised crime interpreting and analysing national intelligence holdings to create a national serious and organised crime intelligence picture informing and influencing hardening of the environment against serious and organised crime. 	✓	✓	✓	✓
		Achieved	Achieved	Achieved	Achieved

Note: Success in achieving ACIC 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 pages 38–61.

SNAPSHOT OF INTERNATIONAL COLLABORATION IN 2016–17



8 international deployments to 6 locations in the Netherlands, Canada, United States, Hong Kong and Dubai



11 serious and organised criminal groups/networks **disrupted** as a result of our international focus and operational work with domestic and international partners



Developed the **Australian Priority Organisation Target list**, which details the top tier international and transnational targets that play a significant role within our serious and organised crime environment



2.3 INTERNATIONAL THREATS

AIM: STRENGTHEN TRANSNATIONAL PARTNERSHIPS

The majority of serious and organised crime targets impacting Australia are either based offshore or have strong offshore links. By focusing our efforts on these transnational targets we seek to prevent, disrupt and reduce their impact on Australia. We support this approach by strengthening our international collaboration, intelligence collection and exchange, and by building our capability to share and leverage the knowledge we gain, to enable effective responses.

RESULT: REDUCED IMPACT OF INTERNATIONAL CRIME THREATS

We achieve our aim by working closely with agencies and countries of strategic importance to gather and share intelligence and to undertake joint activities and responses.

STRENGTHENING INTERNATIONAL COLLABORATION

With globalisation and rapidly advancing and converging technologies, the world is more connected now than ever before. It is easier and faster to communicate, travel and trade around the globe. However, this also creates opportunities for criminal exploitation, for example through encrypted communication, the constant movement of people and goods, and the formation of global networks.

WHY WE ARE TAKING A STRONGER INTERNATIONAL FOCUS

Approximately 70 per cent of significant serious and organised crime targets that impact Australia are either based offshore or have strong offshore links. Transnational crime affects Australia across the picture of criminality including national security, key domestic and international serious and organised criminal targets, gangs, firearms, financial crime, drugs, emerging threats and cybercrime. Protecting Australia from the threat of transnational crime is a key priority.

We are responding by continuing to shift our focus offshore, strengthen our international engagement, and build our capability to effectively and efficiently share intelligence and enable joint responses.

The operational focus of our investigative and intelligence activity is increasingly on the highest threat transnational targets and sources of crime affecting Australia. This involves:

- **Building on the success of our Eligo National Task Force**—As most organised crime exists to generate wealth, our strategy of following the money and focusing on high priority transnational money laundering operations and financial crime has proven critical in investigating and disrupting criminal activity.
- **Building up international intelligence feeds**—Through close collaboration with partners and our international deployments, we are developing relationships and exploring best practice globally to gather and analyse unique intelligence on all crime types, with benefits for both frontline policing and responses to transnational crime.
- **Building our capability to effectively and efficiently share intelligence**—We are working to develop a national, unified picture of criminal activity spanning frontline policing and criminal intelligence, delivered via NCIS (see page 144). This is critical to understand and leverage intelligence holdings, including wider international intelligence feeds. We will use this knowledge to inform responses that reduce enablers of serious and organised crime, reduce the impact of criminal activity on Australia, and assist frontline policing.

Taking this more 'upstream' approach is challenging and means our work may take place over longer time frames, which is likely to initially impact on our short-term domestic outcomes.

However, by working with partners to target threats offshore, we can ultimately reduce the impact of serious and organised crime in Australia. Over the longer term, we believe this approach will have a greater impact on protecting the community and making Australia safer.

HOW WE ARE SUPPORTING THIS SHIFT IN FOCUS

VESTIGO TASK FORCE

The Vestigo Task Force was approved by our Board in November 2016 to provide a framework for enhanced international engagement, collaboration and information sharing.

Vestigo builds on the work of the Eligo 2 National Task Force, which clearly demonstrated the benefit of engaging with foreign law enforcement agencies to support the collection and sharing of information and intelligence.

Rather than consisting of a particular program of work, as Eligo did, this new task force will act as a conduit for our work across various investigations and operations against the threat posed by high risk serious and organised crime entities based overseas, or those with direct links to criminal entities based overseas, that are adversely impacting Australia and overseas partner countries.

Vestigo provides a single, flexible and responsive framework for engaging with overseas partners and Australian agencies in relation to information and intelligence on targeting serious and organised crime.

This task force is supported by our Commonwealth, state and territory partners, along with international partners including the Five Eyes Law Enforcement Group.

This move reflects our continuing shift from ad-hoc and opportunistic international engagement to ongoing and proactive engagement in response to the changing criminal environment.

INTERNATIONAL DEPLOYMENTS

We are also supporting our stronger international focus with international deployments.

In 2016–17 we deployed a total of eight ACIC staff to six international locations. This included three short-term deployments and five long-term deployments.

During the year we began new deployments with Europol in the Netherlands, the Royal Canadian Mounted Police, Hong Kong Police and the El Paso Intelligence Center in the United States. Deployments continued with the Drug Enforcement Administration in the United States, and the International Cybercrime Co-ordination Cell (IC4) within the Federal Bureau of Investigation's National Cyber Joint Intelligence Task Force. Deployments to Dubai and Hong Kong finished during the year.

Our overseas deployments continue to provide valuable opportunities for intelligence collection and exchange. Operationally, they have also resulted in joint activity against offshore serious organised crime threats targeting Australia for importation of illicit goods, cybercrime activity and the movement of illicit funds overseas through money laundering. For example:

- In early 2017 an ACIC investigator was deployed for four weeks to the Hong Kong Police Narcotics Bureau's Financial Investigations Division as part of a joint money laundering and drug trafficking investigation. This work produced a closer intelligence sharing relationship between our agency and the Division.
- Our deployment to the Federal Bureau of Investigation directly supports the Australian Cyber Security Centre.
- Through our deployments, we have also extended our international engagement beyond the host agencies. Our secondees have gained access to additional law enforcement agencies in the host country and developed relationships with other countries' law enforcement agencies also operating in the host country.
- The deployments are directly supporting our efforts regarding operational and intelligence priorities of the Five Eyes Law Enforcement Group including the Cyber Crime Working Group, the Encrypted Communication Working Group and the International Controllers Workshop.

Future deployments

From July 2017, an ACIC cybercrime analyst will be deployed to the National Cybercrime Unit at the National Crime Agency in the United Kingdom. This is part of Australia's Cyber Security Strategy to develop strategic and operational intelligence products, and identify cybercrime and associated serious and organised crime threats (such as laundering the proceeds of cybercrime) impacting on Australia and the United Kingdom. This position will also support work to identify cybercrime and associated serious and organised crime activity impacting Australia and the United Kingdom, coordinate related intelligence activities with other Australian law enforcement agencies, and identify opportunities for both countries' national security and intelligence agencies working on cybercrime issues.

PARTNER AGENCY DEPLOYMENTS TO AUSTRALIA

Deployments to Australia from partner agencies are also strengthening our relationships and supporting our international focus. For example, during 2016–17, an investigator from Her Majesty's Revenue and Customs in the United Kingdom was deployed to work with our agency, Australian Border Force and the Australian Taxation Office for eight months to work on illicit tobacco, tax fraud and the Panama papers (see page 85). Following the success of this initiative, HM Revenue and Customs is deploying another liaison officer to Australia for a four-year posting.

SIGNS OF EARLY SUCCESS

It is still relatively early days for our increased international focus and our Vestigo Task Force. We are working on developing effective ways to capture and measure our performance in this new arena.

However, we can report that Vestigo investigations to date have predominately focused on activities of high risk crime groups operating through or from Asia and South, Central and North America, who are suspected of supplying the Australian methylamphetamine and cocaine markets, as well as on high priority international money laundering operators. Importantly, these investigations have enabled us to collect intelligence not only in relation to money laundering issues, but also on the related criminal activity that originally generated the laundered funds.

OPERATIONAL OUTCOMES

As a result of operational activity, we and our domestic and international partners have:

- seized more than \$2.67 million in cash
- seized illicit drugs with a combined estimated street value in excess of \$179.77 million
- disrupted 11 serious and organised criminal groups/networks.

INTERNATIONAL TARGET LIST

We have also developed the Australian Priority Organisation Target list. Working through our High Risk Criminal Targets No. 2 Special Investigation, we built on and consolidated current efforts to better understand the highest threat offshore serious and organised crime targets and networks impacting Australia (see page 101).

NATIONAL TARGET LIST

In addition, Vestigo activity during the reporting period informed the updating of the National Criminal Target List, including prominent offshore intermediaries who maintain both significant criminal networks in Australia and extensive offshore networks (see page 77).

INTERNATIONAL ENGAGEMENT

Vestigo activity also facilitated engagement of key partner agencies, both domestically and offshore, with a view to developing working partnerships that support the understanding of methodologies used by offshore targets as well as opportunities to harden the environment against syndicates targeting Australia.

Details are reported in the relevant investigation and operation results in *2.4 Investigations and operations* from page 83.

International threats performance summary scorecard 2016–17

AIM	HOW WE ACHIEVED THIS AIM	CONTRIBUTION TO OUR PERFORMANCE CRITERIA			
		CONNECT	DISCOVER	UNDERSTAND	RESPOND
Disrupt and reduce the impact of significant serious and organised crime targets either based offshore or that have strong offshore links.	<p>Worked with international and domestic partners to target transnational crime groups.</p> <p>Strengthen our partnerships with international agencies.</p> <p>Continue our international deployments program.</p>	✓	✓	✓	✓
		Achieved	Achieved	Achieved	Achieved

SNAPSHOT OF INVESTIGATIONS AND OPERATIONS IN 2016–17



\$929.71 million illicit drugs and precursor chemicals seized
(estimated street value)



283 people arrested on **828** charges



69 people convicted



227 coercive examinations to discover new information about
serious and organised crime



\$14.06 million cash seized



\$107.67 million worth of assets restrained



140 entities referred to the Criminal Assets Confiscation Taskforce
with an estimated value of offending of **\$137.30 million**

SNAPSHOT OF INVESTIGATIONS AND OPERATIONS IN 2016–17



24 targets added to the National Criminal Target List by the ACIC



Australian Gangs Intelligence Coordination Centre

- provided **425** intelligence reports, including **414** specific to Outlaw Motor Cycle Gang Special Operation
- responded to **412** requests for information



47,873 reports received by the Australian Cybercrime Online Reporting Network (ACORN)



71% of stakeholders surveyed agreed we collaborate with others in the effective disruption of serious and organised criminals.



82% of stakeholders surveyed agreed or strongly agreed that we provide information and intelligence on changes in the crime environment (such as new crime threats, methods, trends and patterns).

2.4 INVESTIGATIONS AND OPERATIONS

AIM: IMPROVE NATIONAL ABILITY TO RESPOND TO CRIME

We discover, understand and respond to 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 2016–17, as guided by our *Corporate Plan 2016–20*, we focused on the following priorities:

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

RESULT: CRIME IS DISRUPTED AND PREVENTED, COMMUNITY IS PROTECTED

We achieved our aim by contributing to 81 disruptions of criminal entities.

The arrests and charges resulting from our work in this and previous years led to 69 people being convicted this year.

In addition, we met our performance criteria of:

- improving the picture of crime impacting Australia through discovering crime threats, vulnerabilities, patterns, methods and trends previously unknown
- creating an increasingly comprehensive, integrated and relevant understanding of the picture of crime impacting Australia, which is used to guide strategies and responses to crime
- preventing, detecting and responding to crime through:
 - better informing and influencing the hardening of the environment against crime
 - conducting investigations and intelligence operations, and producing intelligence that is effective in disrupting, disabling and dismantling serious and organised crime
 - better informing and enabling our partners to undertake policing and community safeguarding activities through access to national information systems and services.

TACKLING CRIMINAL PROFIT

Almost all organised crime is motivated by profit. We work with partners to identify, follow and disrupt criminal money flows, as this is one of the most effective ways to investigate and undermine serious and organised criminal activity, and reduce the harm caused by criminal networks.

During 2016–17 we tackled criminal profit through our:

- Targeting Criminal Wealth No. 2 Special Investigation
- ACIC-led Eligo 2 National Task Force (to 31 December 2016)
- contribution to the Criminal Assets Confiscation Taskforce, led by the Australian Federal Police
- contribution to the multi-agency Serious Financial Crime Taskforce.

Our work tackling criminal profit this year was instrumental in the formation of the Vestigo Task Force, which enables information sharing with overseas partners.

TARGETING CRIMINAL WEALTH NO. 2 SPECIAL INVESTIGATION

This special investigation is designed to disrupt and deter criminal groups by collecting evidence and intelligence about financially motivated crime. We work with our partners to investigate money laundering, serious and organised superannuation and investment fraud, sophisticated tax evasion and to confiscate criminal wealth.

During 2016–17 the focus of this special investigation shifted offshore, to better understand and disrupt transnational entities impacting the Australian criminal landscape.

Our work under this special investigation often exposes, and allows us to target, a range of other criminal activities that generate the profits in question, such as illicit drug trafficking.

CONNECT

We helped connect partners and **maintained strong collaborative relationships** through this special investigation.

In particular, many of the matters targeted this year had a significant **international dimension**, requiring extensive liaison with overseas law enforcement agencies, and a coordinated international response to the investigation, prosecution and recovery of proceeds of crime.

Importantly, work under our Targeting Criminal Wealth No. 2 Special Investigation led to the creation of the Vestigo Task Force, which enables a framework for sharing information and intelligence with Australian and international partners (see page 77).

In addition, the ACIC is a member of the Five Eyes Law Enforcement Group's Money Laundering Working Group, consisting of members from the United States, Canada, the United Kingdom, New Zealand and Australia. This working group coordinates on identified risk areas and develops action plans which allow each of the agencies to leverage off each other's work.

Given that serious and organised crime transcends national boundaries and the flow of illicit funds is an international phenomenon, the work of the Money Laundering Working Group is important in addressing some of these risks.

Collaborating on Panama papers investigations

An example of how we connect partners through our Targeting Criminal Wealth No. 2 Special Investigation is our work on the Panama papers. The Panama papers comprised 11.5 million leaked documents from the Panamanian law firm Mossack Fonseca, with financial information about clients' use of offshore entities, including for hiding money and evading tax.

Informing investigation activity

We are collaborating with the Australian Taxation Office and other partners, including in the Serious Financial Crime Taskforce (see page 91), to analyse data received relating to the Panama papers.

Intelligence gathered through our coercive powers has assisted the direction of the Panama papers investigations. We are continuing to identify matches to our criminal intelligence holdings that are valuable in shaping future audit and criminal investigation activity. We are also identifying further intelligence on other high risk groups through analysis of the Panama papers, other available data sets, and new material we are acquiring in partnership with other task force agencies.

Enhancing collaboration

The Panama papers investigations have resulted in unprecedented cooperation with international agencies.

Additional input from Five Eyes Law Enforcement Group countries has resulted in partner countries working collaboratively to develop a common strategic approach to address the risks and threats being discovered as the data is analysed. To this end, we hosted a Five Eyes Law Enforcement Group meeting in Sydney in July 2016. The meeting enabled each agency to share intelligence and information on the operations of Mossack Fonseca and other companies offering similar services to clients.

The Panama papers response has enhanced Australia's standing with international colleagues, through close work with the OECD's Joint International Taskforce on Sharing Intelligence and Collaboration. In some aspects this is ground breaking work, trialling joint activities with agencies, talking openly and working closely. We were also advised that in January 2017 the Joint International Taskforce on Sharing Intelligence and Collaboration held its third meeting on the Panama papers, chaired by the Australian Commissioner of Taxation Chris Jordan.

The meeting included the largest ever simultaneous exchange of information, with 30 member countries pooling evidence and sharing their findings from investigations of tax intermediaries, financial institutions, advisers, lawyers and accountants. Various revenue authorities have also taken compliance action, including audits, requests for information, and identifying a target list of intermediaries.

DISCOVER AND UNDERSTAND

During the year we conducted **69 coercive examinations** for the purpose of our Targeting Criminal Wealth No. 2 Special Investigation. The information derived from these examinations was used to investigate criminal activity and inform law enforcement, national security, regulatory and policy agencies around the country.

We produced **415 intelligence products**, which we shared with partners through 1,084 disseminations—building greater understanding of emerging issues related to criminal wealth and financial crime.

We discovered, and provided partners with a better understanding of, methodologies, groups and criminal targets—in particular, identifying **69 previously unknown criminal targets** related to money laundering.

We contributed to the picture of crime impacting Australia and **improved understanding** of criminal wealth and related crime, including by sharing intelligence with our partners, such as:

- a risk assessment of financial crime (an unclassified version of this assessment is due for release in early 2017–18)
- an assessment of identity crime
- the prevalence of trade-based money laundering in Australia
- vulnerabilities in Australian corporate directorships
- risks to Australian business of foreign investment and transaction offsetting
- offshore financial centres for serious and organised crime.

In addition, we worked with our partners on a range of projects including the following examples.

Assessing the risk posed by serious financial crime

Serious financial crime is a subset of serious and organised crime that poses a significant risk to the integrity of the Australian economy, financial markets, regulatory frameworks and revenue collection. The harm caused by serious financial crime has a very significant impact on the Australian community and the economic security of the country.

We released our latest biennial *Financial Crime Risk Assessment* in April 2017. This report covers the risk posed to Australia by serious financial crime. It improves national understanding of this important issue and provides an evidence base to prioritise the work of the Commonwealth Serious Financial Crime Taskforce.

Assessing identity crime

This year we shared our assessment of identity crime with partners. It provides a strategic overview of what we know about serious and organised crime involvement in identity crime in Australia. It identifies different types of fake, fraudulent or stolen identities, identity documents and personal identifying information used to enable crime in different types of criminal markets. It also identifies the proportion that is initiated overseas and domestically. Our assessment provides analysis that may encourage government agencies to consider how best to protect and validate personal identifying information of individuals in the online environment, as this is assessed as an increasing area of vulnerability to identity crime.

Identifying criminals' preferred banknote denomination

The Reserve Bank of Australia's December quarter 2016 bulletin article, *The Future of Cash*, referred to liaison with our agency and the Australian Transaction Reports and Analysis Centre (AUSTRAC) as suggesting that criminal elements tended to prefer the \$50 banknote, rather than the \$100, because of its ubiquitous use in legitimate transactions.

Cracking down on the black economy

The information about preferred banknotes, along with other intelligence developed through our Targeting Criminal Wealth No. 2 Special Investigation, has been provided to the Black Economy Taskforce. The black economy generally refers to people who operate outside the tax system, or deliberately misreport their tax.

We have advised that by cleaning and intermingling the proceeds of crime into the legitimate financial system, money laundering enables additional serious criminal activity and allows criminals to hide and accumulate wealth, avoid prosecution and evade taxes.

The Australian Government established the Black Economy Taskforce to develop an innovative, forward looking whole-of-government policy response to combat the black economy in Australia.

RESPOND

During 2016–17 work under the Targeting Criminal Wealth No. 2 Special Investigation to discover and understand criminal wealth and money flows enabled effective disruption and prevention responses, including the following examples.

Disrupting criminal entities

Specific responses under our Targeting Criminal Wealth No. 2 Special Investigation to disrupt criminal entities during 2016–17 included:

- 31 criminal entities disrupted
- 140 entities referred to the Criminal Asset Confiscation Taskforce with an estimated value of offending of \$130.30 million (see page 91 for more details)

- \$4.65 million cash seized
- \$96 million worth of asset restraints
- \$205.82 million estimated street value of illicit drugs and precursor chemicals seized
- 142 charges against 78 people
- 39 people convicted.

Preventing money laundering

This year we contributed to a number of AUSTRAC and Attorney-General's Department papers in response to relevant recommendations in last year's *Report on the Statutory Review of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and Associated Rules and Regulations*. Our contributions related to the cash in transit sector, lawyers, accountants, real estate agents, high-value dealers and trust and company service providers, adding to various cost-benefit analyses of regulating these industries, as well a more nuanced consideration of emerging threats and risks.

We reviewed the papers to ensure they captured who and what services should be regulated in accordance with our intelligence and operational experience.

ELIGO 2 NATIONAL TASK FORCE

The ACIC-led Eligo National Task Force was approved by our Board in late 2012, under our Targeting Criminal Wealth Special Investigation, to respond to the high risk of money laundering through the alternative remittance sector and informal value transfer systems. In late 2015, Eligo 2 expanded the focus on international engagement.

While Eligo 2 closed on 31 December 2016, performance outcomes will continue. In particular, the Vestigo Task Force will enable us to continue to create leads on the activities of high priority domestic and international money launderers, and share intelligence with foreign law enforcement partners, to bolster their ability to conduct arrests and seizures. See page 77 for more on Vestigo, including early signs of success.

During 2016–17 Eligo outcomes included the following examples.

Disrupting international money launderers

Project Eligo Aquilo/New South Wales Strike Force Bugam

Through Project Eligo Aquilo and Strike Force Bugam, a joint operation with the New South Wales Police Force, we disrupted a significant international money laundering syndicate operating in Australia, run by an international controller.

The Aquilo and Bugam investigation has led to charges against people at every level in the money laundering cycle and evidence of each level is linked to the other levels—from the international controller to members of the domestic network collecting proceeds of crime money at the controller's direction, members of the organised crime group trafficking cocaine and delivering proceeds to the controller.

Project Eligo Gritstone Lockout

We worked on this joint project with the United States Drug Enforcement Administration targeting international money laundering controller, Shabaz Khan. We helped develop evidence of transactions and further evidence regarding a multi-kilogram shipment of heroin in December 2016. Khan was indicted on drug charges as a result of this supply and has since been extradited to the United States, where he will face drug and money laundering charges.

In addition to the offshore targeting we also targeted a criminal syndicate operating in Melbourne that was involved in large-scale commercial tobacco importations. As at 30 June 2017, Australian Border Force had seized more than 700 kilograms of tobacco, and this investigation was ongoing.

Disrupting drug importation and trafficking*Project Eligo Aquilo*

In January 2017 eight people were arrested at a Melbourne warehouse in relation to importation and attempted trafficking of a large commercial quantity of the precursor chemical, pseudoephedrine. This followed a joint operation with the Australian Federal Police, Victoria Police and Australian Border Force that began a year previously, as a result of targeting a person carrying out cash drops for a criminal syndicate. In December 2016, as a result of one of our alerts, Australian Border Force officers checked a container linked to this syndicate when it arrived in Melbourne from Vietnam. They found more than 1,000 kilograms of pseudoephedrine mixture hidden in boxes of washing powder. In a controlled operation, the consignment was substituted with sugar and released for delivery to the intended warehouse address. Six people were arrested after going through the boxes at the warehouse, and another two people were arrested soon after. Further evidence was seized during search warrants and all eight were charged. Follow-up enquiries are continuing in relation to syndicate members contacted in Vietnam and Canada.

Project Eligo Aquilo/Victoria Police Operation Carats

We provided assistance to Victoria Police to reactivate an investigation in May 2016 that had originally started in late 2015. We gathered intelligence to fill gaps and the links identified confirmed investigators' suspicions about the target's involvement with a commercial cannabis crop. This led to the successful resolution of the investigation in April 2017, when police seized more than 860 cannabis plants from two separate locations in southern Victoria. A total of \$150,000 was also seized along with important evidence. Two people were arrested. This brought the total number of plants seized through this operation to more than 6,400 with a total of 12 offenders arrested. Victoria Police described our assistance as 'invaluable'.

Prosecutions resulting from previous investigations

- In March 2017 in the Western Australia Supreme Court, Ka Chen Fung pleaded guilty to two charges related to importing a commercial quantity of methylamphetamine. Fung received two sentences totalling 17 years' imprisonment, to be served concurrently, with a non-parole period of eight years and six months. The judge said Fung was a willing and active mid-level member of an organised crime syndicate, who was motivated by profit, and whose sole purpose in coming to Australia was to import border-controlled drugs. This outcome relates to an investigation with our partners on the Western Australia Joint Organised Crime Task Force (see page 105) into an international organised crime syndicate operating mainly in Hong Kong and Western Australia. **(Project Eligo Radnor)**
- In March 2017, the Western Australia District Court sentenced Yik Chiu Wong to a total of 16.5 years' imprisonment for money laundering and drugs charges as well as unlawful possession of cash. The court sentenced his brother, Yik Chuen Wong, to a total of 13 years' imprisonment for drugs charges and unlawful possession of cash. A third defendant, Josep Petrusic, was sentenced to 12 years' imprisonment in late 2016 after pleading guilty in relation to supplying three kilograms of methylamphetamine to the Wong brothers. A fourth defendant has entered a plea of not guilty in relation to his role in supplying the methylamphetamine. **(Project Eligo General)**
- In May 2017 the County Court of Victoria sentenced two nightclub promoters to 13 years' imprisonment with a minimum of at least nine years for their involvement in an international drug syndicate that smuggled a quarter of a tonne of ice, worth almost \$60 million, into Australia in shipping containers full of udon noodles. The pair, Raymond Lach and An Ken Vi, were among eight people arrested in July 2016 after authorities discovered 262 kilograms of ice in packets hidden under the floorboards of three shipping containers of noodles, as we reported last year. Police said last year the shipment had the potential for 2.5 million hits. In sentencing, the judge said the drugs had a potential street value of up to \$58.7 million. He said stern sentences were required to deter others from similar offending. **(Project Eligo Aquilo)**
- On 29 March 2017 in the United States, financial controller Altaf Khanani was sentenced to 68 months' imprisonment, with three years' supervised release (he will return to Dubai upon his release). He also was ordered to pay a fine of US\$250,000 and forfeited US\$41,129. Last year we reported on our role driving the collection and collation of intelligence among a range of international authorities to uncover and disrupt the Khanani Money Laundering Organisation. Khanani's clients included Chinese, Colombian and Mexican organised crime groups as well as Hezbollah, the Taliban and al-Qa'ida. Khanani is cooperating and providing valuable information to authorities.
- Four men arrested after the largest-ever seizure of methylamphetamine in Western Australia have been jailed. The men were charged after police discovered 321 kilograms of ice, worth an estimated \$321 million, at various locations in Perth in September 2015.

- On 3 March 2017 Yik To Ng, a Hong Kong national, was sentenced to 20 years' imprisonment over his role as caretaker of the ice. He pleaded guilty after his accomplice, Pak Cheong Cheung, also a Hong Kong national, gave evidence about possessing a prohibited drug with intent to sell or supply and possessing unlawfully obtained cash. Cheung was also sentenced on 3 March 2017, to 12 years' imprisonment, after police caught him with five kilograms of methylamphetamine and \$385,000 cash.
- On 22 August 2016 Chin Yeung was sentenced to 12 years' imprisonment, with a 10 year non-parole period. Yeung, from Hong Kong, had been found in a city hotel room with almost five kilograms of the drug and \$385,000 in cash. Jian Tat, from Malaysia, was sentenced to 2.5 years' imprisonment. With time already served he could be released in December 2017. The court was told Yeung had been recruited by an international drug syndicate to 'warehouse' the drugs at an East Perth apartment that he shared with Tat. Tat was not involved in the syndicate but had agreed to let Yeung store a small amount of the drugs in a cupboard in his room. (**Project Eligo Memnon**)

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 2016–17 included:

- restraining orders against eight properties issued in Victoria
- \$93.2 million worth of assets restrained

Note: At the time of preparation of this annual report, tax assessment figures were not available from the Australian Taxation Office. The 2016–17 figures will be reported in next year's annual report.

SERIOUS FINANCIAL CRIME TASKFORCE

The multi-agency Serious Financial Crime Taskforce was established in mid-2015 so Commonwealth agencies could continue working together to combat serious financial crime once the long-running Project Wickenby ended.

The Serious Financial Crime Taskforce aligns the priorities and resources of Commonwealth law enforcement and regulatory agencies to target the highest risk priorities, using an intelligence-led approach. We play a critical role by:

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

During 2016–17, outcomes included:

- developing 66 intelligence products in relation to international tax evasion, fraudulent phoenix activity, trust and superannuation fraud, to help ensure the integrity of the Australian economy and financial markets
- working with our partners to identify Australians with links to Swiss banking relationship managers who are alleged to have actively promoted and facilitated tax evasion schemes
- working with partners to produce the Serious Financial Crime Taskforce’s first quarterly Intelligence Bulletin, which notified participants in the precious metal industry that we were aware of exploitation of GST rules and that perpetrators would be identified and dealt with using the full force of the law
- working closely with Australian and international law enforcement partners and mutual exchange processes to obtain datasets from multiple sources relating to offshore tax evasion, in order to identify high risk entities and transactions relating to Australia.

LOOKING FORWARD: TACKLING CRIMINAL PROFIT

We will continue to undertake intelligence-led, targeted, specialist investigations, to detect and disrupt money laundering offences. In particular, we will focus on high priority international and domestic money laundering operators working with serious organised crime groups, and assessed as having the potential to seriously impact on Australia’s national economic wellbeing. This includes alternative remittance sector and informal value transfer entities, including those who are not meeting obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*.

These investigations typically involve transnational and serious organised crime impacting on Australia’s national interests. Such investigations will be conducted through the Vestigo Task Force to enable timely sharing of information and intelligence with Australian and overseas partners (see page 77).

We will also continue to use our coercive powers and specialist intelligence collection and analysis capabilities to generate intelligence and targeting opportunities, which may be used by both the ACIC and our partners. This includes an emphasis on identifying criminal wealth to support confiscation, and enhancing understanding about the nature, methods and mechanisms of money laundering and related financially motivated criminal activities.

Targeting criminal profit performance summary scorecard 2016–17

AIM	HOW WE ACHIEVED THIS AIM	CONTRIBUTION TO OUR PERFORMANCE CRITERIA			
		CONNECT	DISCOVER	UNDERSTAND	RESPOND
Deliver financial intelligence that identifies high value targets and provides new opportunities for law enforcement and regulatory partners. Build national knowledge of money laundering, nationally significant tax fraud and other financially motivated crimes.	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.				✓
Help make Australia unattractive for abusive financial arrangements and money laundering.	Contributed to reviews to understand vulnerabilities.	✓		✓	✓
	Contributed to investigations and prosecutions relating to tax fraud and tax evasion.	✓	✓	✓	✓
Reduce the impact of superannuation and investment fraud on the Australian community.	Produced intelligence on the methodologies of previously unknown international professional money laundering syndicates and their operations in Australia and internationally.		✓	✓	✓
Produce intelligence that contributes to whole-of-government policies and law enforcement decision-making.	Improved understanding of threats linked to legal and regulatory vulnerabilities in various financial sectors.			✓	
		Achieved	Achieved	Achieved	Achieved

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

TACKLING CRIMINAL GANGS

Outlaw motor cycle gangs (OMCGs) are highly visible crime entities, with a presence in all Australian states and territories and overseas. They are resilient, opportunistic and involved in a wide range of serious crime including drug trafficking, money laundering, extortion, firearm offences and high level violence. We gather and share information and intelligence on the threats and vulnerabilities associated with OMCGs, and contribute to the response.

We tackle criminal gangs through:

- the ACIC-led Australian Gangs Intelligence Coordination Centre (AGICC)
- our Outlaw Motor Cycle Gangs Special Operation
- National Task Force Morpheus.

Supporting information systems and services include the Gangs Intelligence Hub and the National Gangs List.

AUSTRALIAN GANGS INTELLIGENCE COORDINATION CENTRE

The ACIC-led AGICC is a central intelligence hub responding to the escalating threats of OMCGs in Australia. It has been operating since December 2013 under **Project Legion**.

The AGICC builds and coordinates 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.

The AGICC provides a dedicated intelligence capability for the National Anti-Gangs Squad, led by the Australian Federal Police, and provides intelligence and assistance to state and territory police gang squads.

Relevant intelligence that we develop, such as through our Outlaw Motor Cycle Gangs Special Operation (see below), is shared through the AGICC.

Similarly, AGICC activities to connect and collaborate with partners supports our Outlaw Motor Cycle Gangs Special Operation and National Task Force Morpheus work (see page 98).

OUTLAW MOTOR CYCLE GANGS SPECIAL OPERATION

Through our Outlaw Motor Cycle Gangs Special Operation we work with our partners across law enforcement and other government agencies to:

- improve understanding of OMCGs, including through coercive examinations
- provide support for target development and investigations
- build awareness of threats and vulnerabilities and contribute to appropriate responses
- effectively disrupt criminal gang activity and reduce the threat posed by OMCGs.

CONNECT

We helped **connect partners and maintained strong collaborative relationships** through this special operation, which brings together all Australian law enforcement agencies, as well as other Commonwealth agencies to disrupt, dismantle or neutralise OMCGs nationally.

For example:

- Through the **AGICC** we strengthen law enforcement's understanding of Australian-based gangs by delivering the National Gangs List—the nationally accessible database containing gang and membership details in a secure, validated and nationally agreed list of OMCG members (see page 148).
- Internationally, through the **AGICC**, we have proactively broadened our understanding of international gang environments and transnational gang-related crime, in particular by participating in monthly OMCG teleconferences that bring together OMCG analysts from across Australian law enforcement, and external Australian and international agencies. These teleconferences cover a range of OMCG issues and updates, such as previously unknown legitimate business industries, emerging trends around concealing weapons in vehicles, and OMCG alliances.
- We attend National OMCG Managers Group meetings. This group represents each jurisdiction, agency and/or department responsible for **National Task Force Morpheus**. The purpose is to enhance operational effectiveness and maintain a strategic focus in Australia on policing OMCGs, in partnership with New Zealand. The group supports prioritisation, endorsement and coordination of operational strategies for dealing with investigations, targets and threats at a national level. It provides a national response to OMCGs and is designed to enhance jurisdictional OMCG policing. This year, we attended three National OMCG Manager Group meetings:
 - In August 2016, we updated attendees on AGICC's work and outcomes including a briefing on Project Redgrove investigations into OMCG leadership developments, ties to big business and involvement in a wider transnational organised crime network.
 - In November 2016 we updated the meeting on our OMCG coercive examination strategy, which aims to determine current and likely future national and international expansion of OMCGs, as well as exploring serious and organised criminality and unexplained wealth related to club members and associates.
 - The National OMCG Managers Group meeting in March 2017 received a presentation from the Combined Forces Special Enforcement Unit, British Columbia, on gang threat evaluation, target selection and criminal disruption.
- Through the **AGICC** during 2016–17 we facilitated a visit to the ACIC and a range of partner agencies by the New Zealand Gangs Intelligence Centre manager. During the visit, we also coordinated engagement with the Royal Canadian Mounted Police analyst deployed to the Australian Federal Police.

- A representative of the New Zealand Gangs Intelligence Centre was seconded to the **AGICC** during August and September 2016, following an exchange where an AGICC member worked in New Zealand for several weeks. Such cross-border secondments are proving worthwhile for intelligence sharing and understanding gang-related, especially OMCG-related, issues faced by both Australia and New Zealand.
- Further, an **AGICC** team leader was deployed to the Australian Federal Police for three months during 2016–17, providing analytical support to the Australian Federal Police National Anti-Gangs Squad's National Coordination Team.

DISCOVER AND UNDERSTAND

During 2016–17, through our Outlaw Motor Cycle Gangs Special Operation, we conducted **25 coercive examinations** that generated intelligence to further develop the national picture of OMCG membership and activities, informed proactive targeting of OMCGs, and helped inform the activities of different jurisdictions, as well as detection, prevention and mitigation strategies.

We produced **414 intelligence products**, which we shared with partners through 1,270 disseminations. These products built a greater understanding of OMCGs and their activities, helping to drive further intelligence collection and enabling effective responses.

By sharing this intelligence with our partners, we contributed to the picture of crime impacting Australia and improved understanding of OMCGs.

Building understanding of OMCG activities

Through the **AGICC** and **Project Legion**, we play a key role in delivering a fused and dedicated picture of the OMCG threat to Australia. This national picture is developed through AGICC's role in national intelligence coordination and the tactical support it provides to our agency and partner agency operations and intelligence development. This includes producing strategic intelligence assessments that provide a contemporary, nation-wide understanding of OMCGs and the threat they pose.

Key areas of focus this year included OMCG leadership, national and international expansion, and activities at the border.

Our coercive examinations this year added depth to national understanding of suspected serious and organised crime involving OMCGs, including insights and intelligence into their involvement in:

- illicit drug manufacture and supply, including transportation between Australian states
- use of secure communications services
- links to legitimate businesses, and money laundering through legitimate businesses
- relationships with legal facilitators involving the supply of illicit drugs in lieu of payment for services
- extortion activities in the heavy haulage industry
- establishment of chapters nationally
- links to the tattoo industry.

We shared relevant intelligence with **National Task Force Morpheus** agencies as well as our international Five Eyes Law Enforcement Group partners, the United Kingdom's National Crime Agency and the Royal Canadian Mounted Police. We are also developing insights papers focused on the national picture of OMCG links to legitimate business.

During the year we also:

- developed intelligence related to OMCGs:
 - leadership
 - pathways
 - wealth identification
 - domestic and international expansion
 - activities at the border and state/territory criminal footprints
 - drug importation and distribution
 - money laundering
 - firearm distribution
 - corruption and counter-intelligence
- responded to 412 requests for information from partner agencies, supporting their intelligence development and investigations of OMCGs
- deployed analysts to support several national and international operations targeting OMCGs.

Our **AGICC** work also 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:

- an AGICC strategic insights paper, *Bad for the Brand—OMCG Response to Anti Gang Legislation*
- six national OMCG profiles.

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

RESPOND

During 2016–17 our work improved the national ability to respond to OMCGs, including **prevention and disruption activities** under **Project Legion** and the **AGICC**.

We influenced or contributed to responses that resulted in **six disruptions** of criminal entities.

Outcomes include the following examples.

Monitoring and disrupting travel movements

Our intelligence indicates that Australian based OMCGs continue to expand nationally and overseas to form criminal partnerships.

Through the **AGICC**, we work closely with federal, state and territory police to monitor OMCG travel movements within Australia, and with the Department of Immigration and Border Protection to monitor international travel movements of Australian-based OMCGs, and international OMCGs visiting Australia, whose criminal activities may be impacting Australia.

Joint monitoring of OMCG travel movements with both national and international partners has resulted in international OMCG members being refused entry to Australia for providing false and misleading information on incoming passenger cards.

Pursuing tax debts

By focusing on business and financial structures, it is possible to identify opportunities to target and disrupt OMCGs and their associates. Under **Project Legion** we work with the Australian Taxation Office and other **National Task Force Morpheus** partners to disrupt individuals who may be deriving wealth from serious and organised criminal activities. See details of outcomes below.

NATIONAL TASK FORCE MORPHEUS

The multi-agency National Task Force Morpheus, is a joint initiative of all law enforcement agencies and Commonwealth partners to facilitate collaborative targeting of the highest outlaw motor cycle gang risks to Australia. Morpheus was approved by our Board in September 2014, and is coordinated through the AGICC.

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 by executing search warrants on clubhouses, investigating tax and welfare payments, and monitoring travel movements, citizenship status and business activities.

In 2016–17 Morpheus achievements included:

- 2,125 arrests
- 5,312 charges
- 2,415 traffic infringement notices
- 808 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 \$5.56 million cash
 - 302 firearms
 - 37.64 kilograms cannabis and 376 cannabis plants

- 13.43 kilograms of amphetamines
- 9.86 kilograms of MDMA and 11,477 MDMA tablets/pills
- 1.92 kilograms of cocaine
- 816 vials, 1,008 tablets/pills, 504 grams and 2.64 litres of steroids.

In addition, results achieved in conjunction with the Australian Taxation Office included:

- 617 taxpayers targeted with Australian Taxation Office action
- 28 audits finalised
- \$15.1 million in income tax adjustments raised
- \$8 million in cash collected
- 182 entities lodged 896 returns, after receiving a final notice to lodge
- 160 entities prosecuted for non-lodgement, with 643 convictions recorded and \$402,910 in fines raised.

SUPPORTING INFORMATION SYSTEMS AND SERVICES

This year we continued to strengthen our **Gangs Intelligence Hub**, a central and secure hub of OMCG and criminal gang information and intelligence.

We also maintain the **National Gangs List**, which is a secure, validated and nationally agreed list of OMCG members.

For details see page 148 in *2.5 Information systems and services*.

LOOKING FORWARD: TACKLING CRIMINAL GANGS

In the coming year, we plan to strengthen the national understanding of OMCGs, focusing on expansion (domestic and international), criminality and unexplained wealth.

The National Task Force Morpheus model has provided unique and distinct benefits. These include having access to a broad range of intelligence and national capabilities to present a united front against OMCG criminal activity through a collegiate approach.

We will continue to leverage the opportunities presented by the task force's prioritisation, endorsement and coordination of operational strategies focused on the highest risk OMCGs impacting Australia. This includes continuing to target criminal assets of gangs and further develop strategies to confiscate these assets as proceeds of crime.

We will also improve the understanding of the links between international and Australian gangs. In doing so, we will continue to use ACIC coercive powers as required and authorised under our Outlaw Motor Cycle Gang Special Operation and Highest Risk Criminal Targets No. 2 Special Investigation.

We will also continue to provide a high level of service to the National Anti-Gangs Squad, led by the Australian Federal Police.

Targeting criminal gangs performance summary scorecard 2016–17

AIM	HOW WE ACHIEVED THIS AIM	CONTRIBUTION TO OUR PERFORMANCE CRITERIA			
		CONNECT	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.					
Reduce the impact of OMCG criminal activities through disruption, prevention and strengthening the environment to resist OMCG exploitation.	Contributed to national approaches to identify, understand and disrupt OMCGs.	✓	✓	✓	✓
		Achieved	Achieved	Achieved	Achieved

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

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 exploit national and international connections. They influence illicit markets and are involved in legitimate sectors to facilitate crime. We are part of the nationally coordinated intelligence and investigative response that is essential to combat this ongoing risk.

We tackle the highest risk serious and organised criminal groups through our Highest Risk Criminal Targets No. 2 Special Investigation.

Supporting information systems and services include the National Criminal Target List, National Target System and National Alerting Capability.

HIGHEST RISK CRIMINAL TARGETS NO. 2 SPECIAL INVESTIGATION

This special investigation aims to identify, detect, disrupt and reduce the threat posed by the highest risk serious and organised crime groups impacting Australia.

CONNECT, DISCOVER AND UNDERSTAND

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.

We helped **connect partners and maintained strong collaborative relationships** through this special investigation, including through the following activities:

- Developing the **Australian Priority Organisation Target list**, as a key component of the Vestigo Task Force. This list focuses on offshore targets impacting Australia, detailing the top tier international and transnational targets that play a significant role within our serious and organised crime environment. These targets are resilient, professional and enduring in nature. We continually assess the threat from these priority targets and adjust the list as targets are assessed and disrupted. This approach reflects a more coordinated and focused effort involving both our domestic and international partners, based on quality intelligence and a willingness to share details. Prioritising these targets better enables our foreign and domestic partners to work collectively to disrupt the criminal threats in Australia and offshore, as well as to discover and prioritise emerging threats. See more on about Vestigo on page 77.
- Maintaining the National Criminal Target List, a contemporary national list that enables a clear national picture of the threat and risk associated with Australia's nationally significant serious and organised crime targets (see page 147).
- Maintaining the National Target System, the secure online data repository through which we make the National Criminal Target List available to partners (see page 147).

- Providing our partners with an automated alerting service about the activities of the highest risk criminals (see page 148).
- Combining analysis and intelligence from a range of sources to provide a strategic overview of the threat and risk posed by serious and organised crime groups on the National Criminal Target list, in the *National Criminal Target Report* (see page 64).

During 2016–17 through our Highest Risk Criminal Targets No. 2 Special Investigation, we conducted **39 coercive examinations**, generating intelligence our partners could act on regarding serious and organised crime targets that represent the greatest threat and risk nationally.

We produced **716 intelligence products**, which we shared with partners through 1,973 disseminations. These products built greater understanding about the highest risk criminal targets and their activities.

We shared intelligence with partners to **improve understanding of and support responses** to:

- previously unknown entities involved in serious and organised crime
- importation and trafficking methodologies for illicit drugs, firearms and tobacco
- activities of entities on the National Criminal Target List
- laundering of proceeds of crime
- serious and organised crime use of self-storage facilities
- vulnerabilities in unregulated industries
- use of encrypted communications.

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 work under the interrelated Projects Rozencrantz, Iceberg, and Macrobust.

Project Rosencrantz

Project Rosencrantz monitors and improves understanding of Australia's most significant serious and organised criminal risks. Through Project Rosencrantz, we provided automated alerts to relevant partners regarding 36,242 financial transactions, company events or travel movements linked to entities on the National Criminal Target List and the National Gangs List (see page 147–8).

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 our Project Iceberg work resulted in 64 reports that provided new information to our partners—generating new insights, improving understanding of criminals' methods and creating opportunities for our partners to respond. Broad thematic areas cover:

- bulk data collections to identify criminality and support investigations across law enforcement
- criminal exploitation of Australia's financial sector
- use of offshore corporate structures to conceal criminal wealth
- reporting to assist joint agency taskforce activities
- exploration of criminal vulnerabilities within the border supply chain
- understanding of new cybercrime methodologies and criminal use of encrypted communications.

Project Macrobust

Through the intelligence activities of ACIC Joint Analyst Groups¹¹, 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 the disclosure of 343 intelligence products to partner agencies on issues such as:

- social security fraud
- transnational money laundering activities
- specific drug market pricing, importation methodologies and criminal targeting
- firearm and weapon importation and possession.

RESPOND

Work under our Highest Risk Criminal Targets No. 2 Special Investigation has identified and disrupted criminal enterprises that were highly resilient to law enforcement.

We also participate in state-based joint responses through the work of the following multi-agency joint task forces:

- New South Wales Joint Organised Crime Group
- Queensland Joint Organised Crime Taskforce
- Victorian Joint Organised Crime Task Force
- Tasmanian Serious Organised Crime Unit
- Western Australia Joint Organised Crime Task Force.

The outcomes demonstrate the benefits of coordinated multi-agency responses 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.

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

Specific responses to **disrupt, prevent and protect the community from highest risk criminal targets** during 2016–17 included:

- 37 criminal entities disrupted
- 685 charges against 204 people
- 30 people convicted
- \$674.50 million estimated street value of drugs seized
- \$11.66 million worth of assets restrained
- \$8.93 million cash seized.

Project Iceberg—building relationships and targeting high risk criminals

Based on intelligence we provided through **Project Iceberg**, New South Wales Police executed a crime scene search warrant on a storage unit in Sydney in January 2017. Police located three safes and seized the contents, which included a variety of illicit drugs including cannabis, cocaine, lysergic acid diethylamide (LSD), MDMA, ice, ketamine, several other anaesthetic and stimulant substances, and a range of tablets and other undetermined drug exhibits. We developed our intelligence as a direct result of ongoing positive relationship building with private industry experts and their trust in our ability to handle their data sensitively and appropriately. Three persons of interest have been charged, and police will allege they were running an established drug supply business with the storage unit set up specifically for packaging, refining and supplying prohibited drugs.

Project Amargo—targeting drug trafficking

The purpose of this project is to collect further intelligence and develop further targeting opportunities with our partners. The serious and organised crime syndicates targeted under Project Amargo are involved in high level drug importation and distribution in Western Australia and transnationally, along with associated money laundering activities.

During 2016–17 Project Amargo’s dynamic operational tempo led to a significant amount of intelligence, which enabled multiple successful interventions. A total of 60 intelligence reports were disclosed to Commonwealth and state partners.

During 2016–17 Project Amargo produced the following results:

- 16 disruptions
- 45 people charged
- \$3.61 million cash seized
- \$33.58 million estimated street value of methylamphetamine seized
- \$12.33 million estimated street value of cocaine seized
- \$10.03 million estimated street value of cannabis seized.

Project Lockstream—disrupting drug imports through the post

Acting on intelligence we provided, the Australian Border Force inspected an incoming postal article at the International Mail Centre in November 2016. The package was from the United States, intended for delivery to a suburban Adelaide address, and contained a small amount of cocaine. Further intelligence development indicated that a suspected criminal syndicate was using padded envelopes to import cocaine from California to South Australia via the 'scatter import' methodology (sending large volumes of postal items, each containing a small amount of drugs). This information was distributed nationally with international mail gateways to identify and examine similar inbound consignments.

Project Macroburst—disrupting drug trafficking

- In December 2016 the Western Australia Joint Organised Crime Task Force and the New South Wales Joint Organised Crime Group executed a search warrant at a Sydney unit. The search located two cartons containing approximately 20 kilograms of ice divided into 20 bags. Other items were also seized, which police believe were being used for refining liquid methylamphetamine. One person was charged with possessing a commercial quantity of an unlawful imported border controlled drug.
- Also in December 2016, acting on intelligence from the Western Australia Joint Organised Crime Task Force, the Australian Federal Police intercepted two vehicles in suburban Sydney. They seized an estimated 128 kilograms of methylamphetamine in six cardboard boxes, as well as several mobile phones. Two Malaysian nationals were arrested, one of whom was living in Australia unlawfully. They have been charged with drug related offences.
- In March 2017, the Western Australia Supreme Court convicted and sentenced Yoke Cheng Chin to 15 years imprisonment for drug-related offences. Chin, a Malaysian national who was in Australia unlawfully, had pleaded guilty. He was one of 14 people arrested during an operation by the Western Australia Joint Organised Crime Task Force.
- Multi-agency investigations are ongoing into a southeast-Asian trafficking syndicate active in Western Australia and New South Wales.
- In January 2017 the Victorian Joint Organised Crime Task Force, with support from the Queensland Joint Organised Crime Taskforce, executed 15 search warrants across Melbourne and Queensland. Six people were arrested, suspected of being involved with the attempted importation of 186 kilograms of cocaine, seized by Australia Border Force during a search of a commercial vessel off the coast of Tasmania in December 2016. Operation Barada had started earlier in 2016, when the Victorian Joint Organised Crime Task Force began investigating a Melbourne-based syndicate suspected of attempting to import illicit drugs into Australia. Information sharing with Australian Border Force provided the link to the commercial vessel, which was being monitored. One of those arrested, the alleged syndicate head, is a previous target of Joint Organised Crime Task Force investigations into drug trafficking and importation.

SUPPORTING INFORMATION SYSTEMS AND SERVICES

The National Criminal Target List details the risk posed by Australia’s nationally significant serious and organised crime targets, including offshore networks actively targeting Australia. We also maintain the National Target System, which is a secure online data repository containing information on nationally significant organised crime groups (criminal targets).

For details see page 147 in *2.5 Information systems and services*.

LOOKING FORWARD: TACKLING HIGHEST RISK CRIMINALS

In the coming year we will continue to work on identifying unknown national and transnational high threat targets impacting Australia.

In particular we will focus on reviewing the method for prioritising targets in conjunction with our partners.

We will also continue to build an international picture through our partnerships to better understand the connections to Australia.

Tackling highest risk criminal targets performance summary scorecard 2016–17

AIM	HOW WE ACHIEVED THIS AIM	CONTRIBUTION TO OUR PERFORMANCE CRITERIA			
		CONNECT	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. Reduce the threat posed by the highest risk criminal targets. Enhance national understanding of the serious and organised crime environment.	Produced a range of intelligence products, which we shared with partner agencies.	✓	✓	✓	✓
	Identified previously unknown criminal targets and emerging threats.		✓	✓	✓
	Improved understanding of highest risk crime target group structures, activities and methodologies.		✓	✓	✓
	Contributed to investigations, including through our coercive powers, leading to arrests and seizures of cash, drugs and firearms.		✓	✓	✓
		Achieved	Achieved	Achieved	Achieved

Note: This table summarises achievements against the aim of this special investigation and aligns those achievements to ACIC performance criteria: Connect, Discover, Understand, Respond. Some work meets all four indicators while some activities are appropriately targeted to just one or two indicators. Success in achieving ACIC performance criteria 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 the national effort to combat foreign fighters.

NATIONAL SECURITY IMPACTS FROM SERIOUS AND ORGANISED CRIME NO. 2 SPECIAL OPERATION

This special operation examines the convergence between serious and organised crime and other national security matters, such as terrorism. In this way, we provide a unique perspective of the evolving threats and risks posed by serious and organised crime groups within the national security environment.

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 and impact of our work in this area.

CONNECT

We achieved an increased understanding of the involvement of Australian citizens and their experiences in foreign incursion that contributed to **new and enhanced relationships** with our law enforcement and intelligence agency partners, both domestic and international.

DISCOVER AND UNDERSTAND

During 2016–17, through our National Security Impacts from Serious and Organised Crime No. 2 Special Operation, we conducted **16 coercive examinations** to fill intelligence gaps and develop the national picture on current and emerging threats.

We produced **102 intelligence products**, which we shared with partners through 315 disseminations.

We improved understanding of the picture of crime impacting Australia by providing partners with specific, targeted intelligence that supported or advanced investigations and established other useful avenues of enquiry about **foreign fighters** and **financing of terrorism**.

RESPOND

During 2016–17 work under this special operation supported the whole-of-government response to combat the foreign fighters' threat, including the following examples.

Contributing to prevention of 'lone actor' terrorism

Under **Project Ridgeline-Pinecrest** we worked with partners to identify individuals in the community displaying behavioural characteristics consistent with the profile of a lone actor, contributing to whole-of-government efforts to prevent a domestic terrorist incident.

Contributing to preventing terrorist financing

Under **Project Ridgeline-Blackthorn**, we identified vulnerabilities in the Australian charity sector that could be exploited for the purposes of terrorist financing.

NATIONAL EFFORT TO COMBAT FOREIGN FIGHTERS

We collect and analyse intelligence to 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, terrorism financing and serious and organised crime activities.

CONNECT

This year we helped and connected partners including by contributing to the **National Intelligence Coordination Committee** and its associated sub-committees regarding serious and organised crime and other national security issues.

We further strengthened our relationship with the **national security community**, including through our staff embedded in other agencies. These relationships support greater collaboration and information sharing—deepening understanding of links between serious and organised crime and national security issues, which assists in disrupting such activities.

DISCOVER, UNDERSTAND AND RESPOND

This year through **Project Ridgeline** and its sub-projects, we:

- increased understanding of the evolving threat posed by foreign fighters
- 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.

LOOKING FORWARD: CONTRIBUTING TO NATIONAL SECURITY

Over the next year we will work to further understanding of the nexus between terrorism and serious and organised crime.

In particular we will focus on discovering more about the support being given by Australians to terrorism groups in Iraq, Syria and beyond.

We will also enhance understanding of the financing methodologies that support terrorist organisations.

Contributing to national security performance summary scorecard 2016–17

AIM	HOW WE ACHIEVED THIS AIM	CONTRIBUTION TO OUR PERFORMANCE CRITERIA			
		CONNECT	DISCOVER	UNDERSTAND	RESPOND
Provide a unique perspective of the evolving threats and risks posed by serious and organised crime groups within the national security environment. Examine and identify potential or actual convergences between serious and organised crime and other national security matters.	Contributed to partner investigations through coercive examinations and information reports.	✓	✓	✓	✓
	Conducted analysis to identify potential national security threats.		✓	✓	✓
		Achieved	Achieved	Achieved	Achieved

Note: This table summarises achievements against the aim of the special operation and our other related contributions and aligns those achievements to ACIC performance criteria: Connect, Discover, Understand, Respond. Some work meets all four indicators while some activities are appropriately targeted to just one or two indicators. Success in achieving ACIC performance criteria is measured against the collective achievement across all special operations and investigations and associated activities.

INFORMING RESPONSES TO AUSTRALIA'S ILLICIT DRUG MARKETS

The illicit drug trade generates billions of dollars profit for organised crime—more than any other criminal activity—ruining lives and harming communities in the process. We contribute to Australia's response, by developing intelligence and understanding of evolving illicit drug markets, emerging trends and new drug-related threats.

We inform responses to Australia's illicit drug markets through our High Risk and Emerging Drugs No. 2 Special Operation.

HIGH RISK AND EMERGING DRUGS NO 2 SPECIAL OPERATION

Through this special operation we monitor all Australian illicit drug markets to develop a comprehensive understanding of those markets, including both the domestic and international developments that impact Australia.

We fill intelligence gaps by leveraging our unique mix of powers and capabilities to discover and understand more about these ever-changing markets, including new and emerging trends. We also work with partners on a variety of operational, policy and legislative responses. We contribute to strategies regarding demand, supply and harm reduction, in line with the National Drug Strategy.

CONNECT

We helped and connected partners by:

- building and maintaining strong relationships with **domestic and international police and law enforcement partners**
- **sharing intelligence and participating in joint activities** to improve understanding and inform responses to high risk and emerging drugs—international law enforcement agencies that assisted with some of our examinations will also benefit from the intelligence obtained
- establishing and consolidating relationships with entities in the pharmaceutical, health and logistics **industries** to monitor and prevent the diversion of licit substances into illicit drug markets.

DISCOVER AND UNDERSTAND

During 2016–17 we conducted **42 coercive examinations** to fill intelligence gaps, identify insights and enhance understanding of serious and organised crime and high risk and emerging drugs. Our examinations provided detail and case studies that enhanced understanding of drug markets and contributed to federal and state police investigations.

We produced **58 intelligence products**, which we shared with partners through 280 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.

During the year we discovered, and provided partners with a better understanding of, methodologies, groups and criminal targets—in particular, identifying **56 previously unknown criminal targets** related to drug importation, and associated money laundering activities.

Our examinations explored new drug manufacturing techniques, particularly using non-controlled chemicals. We built the picture of crime impacting Australia by discovering:

- **a unique manufacturing process** for a controlled precursor chemical yet to be identified anywhere else in the world—we shared this intelligence with our partners and will seek to have the relevant chemical controlled at the Australian border and in a number of states and territories
- **new techniques** used to manufacture several illicit drugs, and chemicals and equipment used for illicit purposes—our *Precursor Chemicals Information Resource (PCIR) 2016* informs partners about chemicals being used in illicit drug manufacture in Australia and elsewhere, and during the year the United Nations requested a modified version of this resource for international application.

We improved understanding of the picture of crime impacting Australia, including:

- **methamphetamine** trafficking and manufacture in regional areas of Australia
- **cocaine** importation methods used by transnational groups
- the nature and extent of organised crime involvement in, and the threat posed by, **pharmaceutical opioids** such as oxycodone and fentanyl, and related substances, in particular carfentanil, as well as sources of supply and the likely future trajectory of the market
- the level of threat posed to the Australian community by **organised crime groups of different ethnic backgrounds** operating from or through mainland China
- first results of **wastewater drug monitoring** that are helping shape national responses to the demand for illicit drugs in Australia and the harms to the community (see Feature on page 115)
- signs of renewal in the 3,4-methylenedioxymethamphetamine (**MDMA**) market, in Australia and internationally, and evidence of increasing imports of MDMA precursor chemicals and increased detections of domestic clandestine manufacturing sites.

We also provided advice and submissions to inter-departmental committees on drug issues, and we disclosed information reports related to most illicit drug markets and identified importers and traffickers, drug ‘cooks’, and modus operandi of the more sophisticated networks to assist partners with operational decisions and responses.

RESPOND

During 2016–17 work under our High Risk and Emerging Drugs No. 2 Special Operation improved the national ability to respond to crime by influencing or contributing to **prevention and disruption activities** that helped protect the community from the impact of illicit drugs.

Contributing to the national response to methylamphetamine

We contributed to the coordinated national response to the methylamphetamine market. The crystal methylamphetamine (ice) component of this market has been the primary focus of our High Risk and Emerging Drugs No. 2 Special Operation since 2014.

In line with the recommendations of the National Ice Taskforce report, this year we continued to:

- inform responses through improved data and research
- work with partners to better understand and disrupt the supply of methylamphetamine to regional and rural areas of Australia
- collaborate with partners to disrupt the transnational trafficking of methylamphetamine and precursor chemicals to Australia
- support implementation of nationally consistent controls over precursor chemicals, and an agile mechanism to include additional chemicals of concern in schedules of controlled chemicals
- contribute to the National Methylamphetamine Strategy Group (known as Operation Vitreus), which is overseen by the Serious Organised Crime Coordination Committee and promotes a coordinated national approach, enhanced by local action and strategic plans.

Informing responses to illicit drug trends

The National Wastewater Drug Monitoring Program gives us an opportunity to prevent or respond swiftly to adverse illicit drug trends. We released the first report this year (see Feature on page 115) and began formative work to cooperate with a range of law enforcement, public and private sector partners to apply the wastewater analysis findings to problems in particular locations.

Helping prevent harm caused by non-medical use of pharmaceutical opioids

This year we also began a consultation program to generate discussion on the dangers posed by non-medical use of pharmaceutical opioids in this country. These substances, in particular oxycodone, fentanyl and related substances, have caused significant harms in North America and led to a regeneration of the heroin market in the United States. Our aim is to prevent a similar scenario from developing in Australia.

Disrupting transnational crime groups

During 2016–17 we targeted drug and precursor chemical importations and related criminality to increase our understanding of the modus operandi of particular extreme and high risk groups that in most cases have a local footprint but are directed from Hong Kong and other offshore locations.

We collaborated with the Maritime Border Command and the Australian Border Force, the Australian Defence Force, the Australian Federal Police and state agencies, to detect imports of ice, cocaine and illicit cigarettes through sea and air cargo.

Our work improved understanding of collaboration between Malaysian and Chinese nationals to import illicit substances, launder proceeds of crime, engage in immigration fraud and exploit vulnerabilities in the system governing company registrations in Australia, to establish corporate fronts for drug imports and money laundering. Specifically, our work through **Project Baystone Askella** resulted in the:

- seizure of \$480,000 cash
- seizure of \$49.38 million estimated street value of illicit drugs
- seizure of approximately 10 million cigarettes that were smuggled into Australia without payment of excise
- detection of 186 kilograms of cocaine and arrest of 10 Chinese nationals, following the interception of a commercial vessel
- multiple smaller seizures of methylamphetamine in Victoria, as well as seizures of tobacco products.

FEATURE: NATIONAL WASTEWATER ANALYSIS

BETTER DRUG DATA INFORMS NATIONAL RESPONSE

Australia's first wastewater analysis report indicates that, in mid-2016, alcohol and tobacco consumption was the highest of all substances tested in all states and territories. Methylamphetamine consumption was the highest of the remaining substances, at more than three times the size of the cocaine market and five times the size of the MDMA market. Use of the pharmaceutical opioids oxycodone and fentanyl was significant, particularly in regional areas, which provides potential for diversion to illicit markets. Results for four new psychoactive substances indicate this is a niche market that remains small compared with traditional illicit drug markets.

These findings were released in March 2017 in the first of nine public reports from Australia's National Wastewater Drug Monitoring Program.

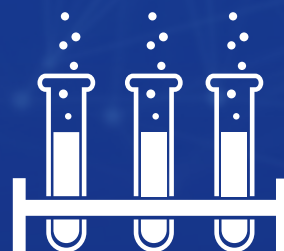
The program began in 2016–17, with \$3.6 million funding over three years from the Confiscated Assets Account. It focuses on methylamphetamine and 12 other substances, covering 51 geographic locations across metropolitan and regional Australia, representing 58 per cent of the population.

Recognising the benefits of wastewater analysis, we partnered with established scientific expertise within the University of Queensland and the University of South Australia to introduce this national program. It is capturing comprehensive and reliable data on drug consumption from wastewater samples. This provides a measure of demand for a range of licit and illicit drugs—one important aspect of national health.

Wastewater analysis is used around the world to measure and interpret drug use within national populations. Our program is in line with international models. It is near real-time, non-intrusive and can measure average drug use in both large and small populations. This enables governments to effectively direct resources to priority areas, and monitor the progress of demand and supply reduction strategies. Better data also enables us to identify emerging trends.

The first public wastewater report established a baseline assessment of national drug consumption. It provides data on usage patterns across states, territories and nationally, data on capital city and regional drug use, comparisons between some Australian locations and overseas countries, and where possible comparisons with previous use in Australia.

Future reports will contribute further data to identify changes in usage patterns nationally and build a comprehensive and increasingly detailed picture of national drug consumption.



LOOKING FORWARD: INFORMING RESPONSES TO AUSTRALIA'S ILLICIT DRUG MARKET

We will continue to monitor trends in all Australian illicit drug markets, including to better understand new and emerging drug threats including oxycodone and fentanyl.

We will also continue to implement recommendations of the National Ice Taskforce Report and the National Ice Action Strategy.

Informing responses to Australia's illicit drug markets performance summary scorecard 2016–17

AIM	HOW WE ACHIEVED THIS AIM	CONTRIBUTION TO OUR PERFORMANCE CRITERIA			
		CONNECT	DISCOVER	UNDERSTAND	RESPOND
Monitor all Australian illicit drug markets and develop and maintain an increasingly holistic understanding of those markets, both domestically and internationally. Resolve intelligence gaps by leveraging our unique mix of powers and capabilities to discover and understand new and emerging trends and to inform partners. Proactively develop appropriate operational, legal and policy responses.	Produced strategic assessments, intelligence products and reports, which we shared with partner agencies and worked with them to shape appropriate responses.	✓	✓	✓	✓
	Worked with partners and industry to identify and address vulnerabilities being exploited by organised crime.	✓	✓	✓	✓
	Informed policy and regulatory reform and other national responses.		✓	✓	✓
	Where there was an over-riding ACIC purpose, contributed to partner investigations through coercive examinations, Notices and information reports.	✓	✓	✓	✓
		Achieved	Achieved	Achieved	Achieved

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

MAKING AUSTRALIA A MORE HOSTILE PLACE FOR SERIOUS AND ORGANISED CRIME

Serious and organised crime is ever more diversified, sophisticated and complex. We work to find more innovative ways of identifying and preventing such criminal activity before it gains a foothold by making Australia a more hostile place for serious and organised crime.

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

- Criminal Exploitation of Australia's Migration System Special Operation
- Emerging Organised Crime Threats Special Operation.

EMERGING ORGANISED CRIME THREATS SPECIAL OPERATION

Serious and organised crime threats affect Australian society, institutions, markets, sectors and the economy. Through this special operation, we identify, investigate and disrupt such threats. For example, we consider threats such as illegal bookmaking, firearms and cybercrime. We also deliver intelligence on enablers and methodologies used by serious and organised crime, including professional facilitators who provide expertise and support to organised crime groups.

CONNECT

Throughout the year we helped and **connected partners** as we worked together to develop and **share intelligence** that informed national responses.

DISCOVER AND UNDERSTAND

During the year, through our Emerging Organised Crime Threats Special Operation, we conducted **16 coercive examinations** to fill intelligence gaps and develop the national picture on emerging threats.

We produced **355 intelligence products**, which we shared with partners through 1,057 disseminations.

We **built the picture of crime impacting Australia** including the following examples.

Developing a richer understanding of the national firearm environment

We worked with partner agencies to develop a richer understanding of national firearm intelligence holdings and enhance understanding of the national firearm environment.

Under **Project Mylonite** we:

- developed greater understanding of the importation of firearms and the Australian firearm market, and the diversion of firearms by legitimate license holders to serious and organised crime entities, including developing targeting opportunities for partner agencies

- developed greater consistency in reporting and national collection of data related to unregistered firearms
- increased use of intelligence tools such as our Firearms Trace Program and the Australian Ballistic Information Network
- progressed development of the Australian Firearms Information Network portal for our state and territory law enforcement partners, which will allow them to access detailed and accurate information on known firearms across Australia
- worked to consolidate intelligence holdings across partner agencies to provide a richer understanding of existing data, including the Department of Immigration and Border Protection, the Australian Federal Police and our own holdings—we continue to check the data against our existing systems to remove any inaccuracies and explore the full gamut of data matching and intelligence assessments.

Improving understanding of exploitation of offshore unregulated bookmakers

We worked with the Department of Health to better understand the nature and extent of criminal exploitation of offshore unregulated bookmakers, and associated tax evasion and welfare fraud activities.

Under **Project Petram** we improved understanding of offshore gambling platforms, including intelligence insights about the vulnerabilities related to Australian sport, revenue and integrity and how serious and organised crime entities use these platforms for gambling, illicit funds transfers and laundering funds offshore.

We briefed international law enforcement and regulatory agencies and established key working partnerships to target offshore unregulated bookmaking platforms. The briefings demonstrate our leading international position, based on advanced intelligence development, key partnerships with law enforcement agencies and industry, and significant outcomes from coercive capabilities to understand the structures of and links to serious and organised crime, and use of criminal enterprises to shift funds internationally. The briefings also demonstrate our understanding of unregulated bookmaking platforms and how money is moved through them, including potential money laundering via online gambling.

Several international law enforcement and regulatory bodies have committed to work closely with us and to share all relevant intelligence. We will continue providing international briefings to further enhance key relationships and establish intelligence sharing and investigative opportunities.

Improving understanding of cybercrime and informing policy and responses

The Cyber Security Review, led by the Department of the Prime Minister and Cabinet, found that cybercrime costs the Australian economy up to \$1 billion a year in direct costs alone. Australia's relative wealth and high use of technology such as social media, online banking and government services make it an attractive target for serious and organised criminal syndicates.

We are a founding member of the Australian Cyber Security Centre—the hub for public and private sector collaboration and information sharing to combat cyber security threats. Other partners include the Department of Defence, Attorney-General's Department, Australian Security Intelligence Organisation and Australian Federal Police. See the Feature on page 121.

As part of Australia's 2016 Cyber Security Strategy, we received \$16 million over four years to expand our cybercrime intelligence capability, including collaborating with domestic and international partners on joint assessments and informing cybercrime policy.

This year we worked with partner agencies to enhance national understanding of the threat and vulnerabilities posed by pure cybercrime threats to Australia¹², and develop and add value to understanding of the cybercrime threat.

Specifically, under **Project Longstrike** this year we:

- provided the Australian Federal Police Cyber Crime Operations with identities of four possible cybercrime offenders
- provided the United States' Homeland Security Investigations Cyber Crimes Center (C3) with information on a person of interest based in Melbourne, who was cashing out large amounts of bitcoin into the United States
- worked with the United States Federal Bureau of Investigation and provided travel movement information on a cybercriminal we had jointly identified
- worked with the Federal Bureau of Investigation to identify a Russia-based cybercriminal after our analyst seconded to the Bureau's National Cyber Investigative Joint Task Force-International Cyber Crime Coordination Cell (IC4) identified a Web Money account for the cybercriminal—the cybercriminal had provided botnet services to another cybercriminal targeting Australian financial institutions¹³
- authored the cybercrime components of the 2016 Australian Cyber Security Centre Threat Report
- disseminated a strategic insights paper on Crysis Ransomware, the first in a suite of value-added products derived from trend analysis of Australian Cybercrime Online Reporting Network (ACORN) data
- reviewed data analysis and reporting from the ACORN, and improved search options for analysts, developed value-added products and refined monthly statistics to speed up production of reports (see more about the ACORN on page 135–6)
- presented joint papers with the Five Eyes Law Enforcement Group Cyber Crime Working Group, about cash-out (monetising the proceeds of criminal activity) and virtual currencies at the International Cybercrime Operations Summit in October 2016—we are working with the Australian Federal Police to prepare an actionable strategy ahead of the next Five Eyes Law Enforcement Group Cyber Crime Working Group meeting.

Several of these matters are ongoing.

12. 'Pure cybercrime' refers to crime such as hacking, malware, spyware or ransomware, as distinct from 'cyber-enabled crime'.

13. Botnets are networks of private computers infected with malware and controlled without their owners' knowledge.

RESPOND

During 2016–17 work under our Emerging Organised Crime Threats Special Operation contributed to **prevention and disruption activities** by partner agencies.

For example we helped protect the community from the impact of **firearm activities** by:

- assessing licensed firearm holders, including people who have failed to declare criminal convictions, and interstate transfer of weapons—preventative actions include providing support and systems stakeholders, through the Australian Firearms Information Network, incorporating trace, ballistics, and firearm records
- informing and contributing to disruption activities related to search warrants executed by Victoria Police and the Australian Border Force in February 2017—this resulted in one person being arrested and charged with offences related to manufacturing, possessing and supplying firearms.

FEATURE: HELPING TO PROTECT THE COMMUNITY FROM CYBERCRIME

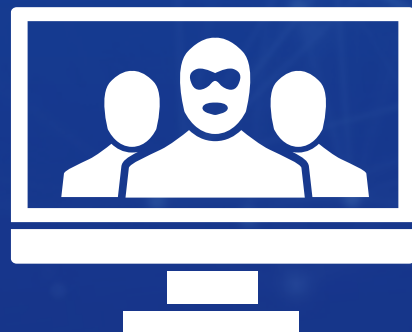
AUSTRALIAN CYBER SECURITY CENTRE

This year we continued to work within the Australian Cyber Security Centre (ACSC) to help build a stronger picture of the cybercrime landscape. Our role includes working with partners to assess and prioritise cybercrime threats impacting Australia. During 2016–17, we identified more real world identities of cybercriminals targeting Australia—mostly originating from Russia and elsewhere in Eastern Europe—than ever before.

We also worked with our ACSC partners to proactively respond to significant cyber incidents impacting Australia. During the year, two large-scale ransomware campaigns commonly known as ‘WanaCry’ and ‘Petya’ affected many organisations globally. The ACSC coordinated the whole-of-government response to these incidents. We analysed ACORN reports in real time to identify if members of the public were reporting any information potentially relating to WanaCry or Petya. This monitoring was operationally important because it helped the ACSC to understand the threat posed to Australia. For example, the majority of reports of WanaCry in Australia were received via the ACORN.

In March 2017, we supported the annual ACSC conference. In its third year, the two-day conference featured leading cyber security experts from Australia and abroad to discuss the latest threats, mitigations and advances in cyber security. Our staff presented on the cybercrime threat landscape, provided live tweeting of the event and helped facilitate conference streams. The successful conference identified many new opportunities for industry collaboration on cybercrime threat intelligence.

We will continue to participate in the Australian Cyber Security Centre and contribute towards its mission of ensuring that Australian networks are among the hardest in the world to compromise.



CRIMINAL EXPLOITATION OF AUSTRALIA'S MIGRATION SYSTEM SPECIAL OPERATION

Visa and migration fraud pose a threat to Australia's national interests, and serious and organised crime groups are increasingly involved in exploiting the system to facilitate criminal activities in Australia. Through this special operation we develop innovative approaches to prevent, disrupt and mitigate such activities. We fill intelligence gaps including the prevalence of visa migration fraud due to the nature and sophistication of the onshore and offshore entities involved.

We work in partnership with the Department of Immigration and Border Protection to investigate serious and organised crime entities. This includes developing priorities for targeting using the ACIC-led National Criminal Intelligence Fusion capability, including bulk data-matching and analysis to identify individuals and groups involved in visa and migration fraud activity.

CONNECT

Throughout the year we developed and maintained a strong **collaborative relationship** with our special operation partner, the Department of Immigration and Border Protection.

This included **developing and sharing intelligence** to understand exploitation of visas and visa holders, and fraudulent visa sponsorship arrangements.

DISCOVER AND UNDERSTAND

During 2016–17 we conducted **20 coercive examinations** to discover and understand the threat posed by serious and organised crime to Australia's visa and migration system.

We produced **35 intelligence products**, which we shared with partners through 97 disseminations. These products provided specific, targeted intelligence that supported or advanced investigations and established other useful avenues of enquiry.

We **identified several entities** linked with targets on the National Criminal Target List, highlighting the complex links between serious and organised crime entities and visa and migration fraud activities.

We improved understanding of the picture of crime impacting Australia, including the following examples.

Improving understanding of visa exploitation and fraud in South Australia's sex industry

During the year we identified intelligence and case studies related to serious and organised crime including OMCGs and Asian-oriented crime links to the sex industry in South Australia, visa migration fraud, human trafficking, money laundering, tax evasion, illicit drug activity, extortion and blackmail, and exposure of sex workers to harm.

This was achieved by coordinating our work through **Project Jactco** under the Criminal Exploitation of Australia's Migration System Special Operation and a parallel project related to our Outlaw Motorcycle Gangs Special Operation. The purpose was to advance understanding of exploitation of visas related to the sex industry in South Australia.

We held a total of 12 coercive examinations in Adelaide, four under our Criminal Exploitation of Australia's Migration System Special Operation, focused on people exploiting working visas for activities in the sex industry and links to serious and organised crime entities both in Australia and internationally. These examinations resulted in submissions to the South Australian Parliament, relating to the South Australian Statutes Amendment (Decriminalisation of Sex Work) Bill 2015.

Identifying visa manipulation and infiltration of South Australia's labour hire industry

Through **Project Jacto**, and the Australian Border Force's **Project Artisan/Operation Withershin**, we held two coercive examinations in Adelaide, regarding a visa migration agent and labour hire company manipulating permanent residency visas in South Australia, and links to legal professionals undertaking false visa applications on behalf of those seeking extended working visas, and student visa applications.

In addition, in partnership with Australian Border Force **Operation Cadena**, we conducted an investigation, which included a series of examinations that identified infiltration of the labour hire industry in Western Australia and significant links to drug trafficking, money laundering, sexual exploitation, false business structures, complicit offshore visa migration agents and the involvement of members of Triads in serious and organised crime groups.

Identifying manipulation of visas for Taiwanese phone scams

Also under **Project Jacto**, we held a coercive examination in Brisbane regarding Taiwanese boiler rooms. Working with officers from the Department of Immigration and Border Protection's Operation Jockteleg, we looked into the manipulation of travel/working visas to facilitate people coming to Australia to set up and operate boiler rooms, targeting people offshore (primarily Taiwanese/Chinese) in what are referred to as 'Taiwanese phone scams'. The examination identified a total of 12 previous, now inactive, boiler rooms. The intelligence gained will support other priority work and possible operational responses including profiling of inbound targets as a preventative measure.

Supporting investigation outcomes

Our intelligence products provided specific, targeted intelligence that supported or advanced investigations and established other useful avenues of enquiry related to:

- exploitation of labour hire companies
- risks associated with student visa programs, including infiltration of the education industry
- provision of false education qualifications and complicit education providers
- exploitation of working visas to facilitate international organised crime
- organised and sophisticated visa and migration fraud, including complicit industry (such as farms and labour hire businesses)
- pathways for visa and migration fraud and abuse by entities seeking to establish a permanent presence in Australia
- money laundering and taxation fraud related offences
- contrived marriages—through **Project Jacto** we are informing further avenues of enquiry, with a view to prosecuting persons of interest suspected of being involved in contrived marriages in Western Sydney.

RESPOND

During 2016–17 work under our Criminal Exploitation of Australia’s Migration System Special Operation provided significant scope for the development of **prevention activities** by partner agencies, to help protect the community from the impact of exploitation of the migration system.

For example we:

- established **vulnerabilities in the education sector**
- assessed risk and threat of suspected **complicit visa migration agents**, to provide scope for further validation of agent credentials
- improved understanding of the use of the **electronic travel arrangements** and misuse by people seeking visa allocation to further visa and migration fraud activities domestically
- developed an understanding of the risks associated with the labour hire industry, and **market manipulation** by serious and organised crime entities to participate in criminal activities.

These activities continued to inform our partners and enable ongoing targeting, and implementation of capabilities to harden the environment against visa and migration fraud.

LOOKING FORWARD: MAKING AUSTRALIA A MORE HOSTILE PLACE FOR SERIOUS AND ORGANISED CRIME

In the year ahead we will pursue work under two new special operations approved by the Board in June 2017: the Firearms Trafficking Special Operation; and the Cyber-related Offending Special Operation.

In terms of cybercrime, we will continue to participate in national strategies to counter cyber threats, including the Australian Cyber Security Centre, and share intelligence to inform responses. Specific priorities in the coming year are to deepen understanding of virtual currencies and how criminals exploit them, and to enhance understanding of the use of malware in relation to financial crimes.

Regarding firearms, we will continue to work with partners to further understand the illicit firearm market, in particular the illegal import or export of prohibited firearms and other weapons, cross-border and international firearm trafficking, and violence-related offences involving firearms. We will also work with our partners to mature our firearm information systems with the aim of enhancing data integrity.

In addition, we will enhance national understanding of emerging criminal threats including working to discover the links between illegal bookmaking and Australian serious and organised crime, and to discover more about the groups and methods used to profit from illegal use of visas in Australia.

Making Australia a more hostile place for serious and organised crime performance summary scorecard 2016–17

AIM	HOW WE ACHIEVED THIS AIM	CONTRIBUTION TO OUR PERFORMANCE CRITERIA			
		CONNECT	DISCOVER	UNDERSTAND	RESPOND
Work closely with our partner to: <ul style="list-style-type: none">develop innovative approaches to prevent, disrupt and mitigate the activities of serious and organised crime groups seeking to exploit Australia's migration systemidentify, investigate and disrupt emerging organised crime threats affecting Australian society, institutions, markets, sectors and economy	Produced intelligence products, which we shared with partner agencies.	✓	✓	✓	✓
	Connected agencies to coordinate and facilitate national response.	✓		✓	✓
	Developed and implemented national firearm data capabilities.	✓		✓	✓
	Worked with partners and industry to identify and address vulnerabilities being exploited by organised crime, and support collective targeting.	✓	✓	✓	✓
	Contributed to partner investigations through coercive examinations and information reports.	✓	✓	✓	✓
		Achieved	Achieved	Achieved	Achieved

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

LOOKING FORWARD: INVESTIGATIONS AND OPERATIONS

The merge of the ACC and CrimTrac aligned key focus areas of the ACC’s serious and organised crime work with CrimTrac’s information systems and service delivery functions. To join and streamline these focus areas into a consolidated work stream, we have developed internal intelligence hubs that we will introduce from 2017–18. These hubs will incorporate all aspects of our efforts regarding national security, high risk domestic and international targets, gangs, firearms, financial crime, drugs, emerging threats and cybercrime. This will provide the mechanism for us to effectively report on our performance on investigations and operations into the future.

SNAPSHOT OF NATIONAL INFORMATION AND INTELLIGENCE SHARING SERVICES IN 2016–17

FRONTLINE SERVICES



PEOPLE

- **44.31 million** searches of the National Police Reference System
- the National Police Reference System currently holds **11.42 million** records and **9.28 million** photos



FIREARMS

- **6.03 million** firearm records
- **20,546** searches of the National Firearms Identification Database



DRUGS

- Started work on a National Electronic End User Declaration for orders of controlled chemicals and equipment



VEHICLES

- **227,045** incidents recorded
- More than **7.31 million** searches of the National Vehicles of Interest database

CYBERCRIME REPORTING SERVICES



- **240,324** visitors and **47,873** reports to the Australian Cybercrime Online Reporting Network (ACORN)

CRIMINAL HISTORY CHECKS



- **4.75 million** national police checks processed
- **24** new organisations accredited

SNAPSHOT OF NATIONAL INFORMATION AND INTELLIGENCE SHARING SERVICES IN 2016–17

BIOMETRIC AND FORENSIC SERVICES



PRINTS

- **8.18 million** fingerprint sets of **4.75 million** people
- **1.47 million** searches of National Automated Fingerprint Identification System



DNA

- **52,051** crime scene to person matches
- **1.1 million** profiles in National Criminal Investigation DNA database

PROTECTION SERVICES



CHILD PROTECTION

- National Child Offender System available **99.6 per cent** of the time
- Child Exploitation Tracking System available **100 per cent** of the time



DOMESTIC VIOLENCE

- Interim Order Reference Solution delivered, to provide courts with information about Domestic Violence Orders created in all jurisdictions

NATIONAL CRIMINAL INTELLIGENCE SYSTEM (NCIS)



- Pilot program successfully completed
- More than **400 users** from **20 agencies**



- **95%** of stakeholders surveyed agreed our services and systems were of value, or of great value



- **65%** of stakeholders surveyed agreed or strongly agreed that new and enhanced ACIC national policing and intelligence systems are being developed and improved to meet their organisation's needs



2.5 NATIONAL INFORMATION AND INTELLIGENCE SHARING SERVICES

AIM: PROVIDE SYSTEMS, SERVICES AND KNOWLEDGE

Strong information and intelligence sharing allows law enforcement agencies to focus operational resources and achieve better results that reduce the impact of the most serious and organised crime threats. Disseminating knowledge also informs and influences longer-term strategic planning and policy development, with an emphasis on prevention.

Our role is to provide a national platform for sharing information and intelligence related to current frontline services, cybercrime reporting, biometrics, forensics and protection services, while also setting in place the platform for future requirements.

RESULT: BETTER CONNECTED AND INFORMED PARTNERS

We achieve our aim by providing secure, collaborative systems and services that connect police and law enforcement to criminal intelligence and analytical tools, as well as essential policing knowledge and information.

INFORMATION SYSTEMS AND SERVICES

We provide essential policing knowledge and information through collaborative national information systems and services that help our partners prevent, detect and reduce crime in the community.

As part of our function to provide and maintain national information capabilities and services to support policing and law enforcement we maintained critical systems related to frontline police reference systems.

Australia's various police agencies share essential policing information with each other through these systems related to:

- **frontline services**—information related to people, firearms and ballistics, vehicles and drugs
- **cybercrime reporting services**—information related to types and incidents of cybercrime
- **biometric and forensic services**—information related to fingerprints and DNA
- **protection services**—information related to child protection and domestic violence.

During 2016–17 we reviewed and consolidated our services and plans, and the approach we are taking to deliver some of our capabilities, with a view to leveraging broader enterprise capabilities and identifying new ways of delivering required services. This included evaluating future requirements in delivery areas including police referencing, ballistics, child exploitation tracking and biometrics.

FRONTLINE SERVICES—PEOPLE

These systems and services provide police with access to information they need to do their jobs safely and to help protect the community.

NATIONAL POLICE REFERENCE SYSTEM

This system equips police with the knowledge they need to make on-the-spot decisions when dealing with persons of interest. It is available to over 70,000 police officers, investigators and analysts across Australia, enabling them to share essential national policing information with each other.

The system provides key national reference data such as names, identity information and photographs, information on warnings, warrants, wanted persons, and firearms. This information is accessible from handheld devices, in-car terminals and desktop computers.

During 2016–17:

- 77,865 users accessed the system
- there was a total of 11.42 million records and 9.28 million photos
- 44.31 million person searches were conducted
- the system was available 99.6 per cent of the time.

LOOKING FORWARD

NATIONAL POLICING INFORMATION HUB

We have started work on the National Policing Information Hub, which will eventually replace the National Police Reference System. The hub will deliver a Master Data Management platform—a consistent way of managing and linking all data with a common point of reference, to streamline data sharing. We will combine this with the ability to adapt to evolving information types, enabling richer provision and consumption of national policing information. The dynamic platform will integrate current and future policing systems and better enable inclusion of data into the NCIS sharing environment. See page 144 for more on NCIS.

NATIONAL NAMES INDEX

This index supports police and wider law enforcement by providing high-level information about persons of interest. It provides a high-level snapshot of national persons of interest to a range of stakeholders for operational policing, wider law enforcement initiatives and to support the National Police Checking Service.

During 2016–17:

- 1.53 million searches were conducted
- the index was available 99.7 per cent of the time.

LOOKING FORWARD

ENHANCING NAME MATCHING FUNCTIONALITY AND CAPABILITY

We are continuing with our technical work on the National Police Checking Service Support System to enhance its person of interest search and name matching capability and functionality. This program of work will improve the accuracy of name searches by reducing human verification tasks and improving business processes. This will make a richer dataset available, improving business efficiency. This is because agencies with appropriate legislation in place to access National Police Checking Service data will have less need to request further information. Stages one and two of this project were completed during 2016–17. The third and final stage to implement technical upgrades and system performance improvements is due to be completed during 2017–18. Once finalised, these improvements will enable us to retire the National Names Index.

ENHANCING ACCESS TO POLICING INFORMATION FOR APPROVED EXTERNAL AGENCIES

Due to the valuable and sensitive nature of the national policing information we hold, there are strict controls around its access, use and disclosure. We provide access to our police agency partners and other non-police law enforcement agencies requiring the information to support their law enforcement functions.

A principles-based framework, in conjunction with the ACC Act, governs access for third-party Approved External Agencies (AEA) to national policing information we hold.

We are working on a project to enhance access for AEAs by:

- updating the framework to enable non-police law enforcement agencies access to more information, via a restricted view of the National Police Reference System
- implementing the underlying changes to the National Police Reference System required to accommodate this access.

FRONTLINE SERVICES—FIREARMS AND BALLISTICS

NATIONAL FIREARMS IDENTIFICATION DATABASE

This national database helps police manage firearms and solve violent gun crime in Australia. The database is a reference tool that enables police to identify and characterise a firearm, using details such as make, model, calibre and capacity. It assists police to ensure firearms are recorded consistently during registration, importation or transfer of ownership and movement across state and territory borders.

During 2016–17:

- 20,546 searches were conducted
- there were a total of 22,320 unique firearm records
- the database was available 99.7 per cent of the time.

NATIONAL FIREARMS LICENSING AND REGISTRATION SYSTEM

This system helps build the picture of firearm licence and registration information across the country. It is used to ensure compliance with firearm registration. The system helps firearm registries view the licence and registration information held by other states and territories, including firearm licence holders, licensed firearm dealers, registered firearms, and lost, stolen and transferred firearms.

During 2016–17:

- 278,010 searches were conducted
- there was a total of 6.03 million firearm records
- there was a total of 2.02 million licence records
- the system was available 99.7 per cent of the time.

LOOKING FORWARD

AUSTRALIAN FIREARMS INFORMATION NETWORK

We are developing the new Australian Firearms Information Network, which will allow us to retire the National Firearms Licensing and Registration System.

A program is under development to connect and integrate this new network with all police systems. This will ultimately provide police with access to a richer set of firearm-related data, enabling a consolidated view of a firearm's transactions through its life cycle—from import or manufacture for sale in Australia through to export or destruction. Over time, the network will provide a national picture of each known firearm in Australia, and its history of movement between people and organisations. This will help partners manage the registration, licensing and movement of firearms coming into and out of Australia and moving between our states and territories.

The new Australian Firearms Information Network will complement the Australian Ballistic Information Network, and is enhancing collaboration between all Commonwealth, state and territory agencies responsible for firearm management in Australia.

We will continue to provide the National Firearms Identification Database, which underpins the new network and will enable limited access to relevant firearm data for other stakeholders.

AUSTRALIAN BALLISTIC INFORMATION NETWORK

This national network helps police identify ballistics data to link crime, firearms and suspects. It helps police across Australia electronically match crime scene ballistic evidence to the weapon used in the crime, or link crimes if the same firearm is used at multiple scenes. This system builds on existing ballistic libraries that operate in several states.

During 2016–17:

- 54 crime scene matches were made
- the system was available 99.9 per cent of the time.

LOOKING FORWARD

FUTURE OF THE AUSTRALIAN BALLISTIC INFORMATION NETWORK

In 2017–18 we will review fitness for purpose and suitability of the Australian Ballistic Information Network, including consultation with stakeholders, to consider the requirements and shape of this network into the future.

FRONTLINE SERVICES—VEHICLES

NATIONAL VEHICLES OF INTEREST SYSTEM

This system enables police to record and check details about vehicles that may be stolen or suspect. It allows users to record and enquire about both local and interstate vehicles of interest. System users can also enquire about vehicle components, national vehicle registration and description information, and national drivers licence holder information, provided by the National Exchange of Vehicle and Driver Information System hosted by Austroads (the peak organisation of Australasian road transport and traffic agencies).

During 2016–17:

- 227,045 incidents were recorded
- 7.31 million searches were conducted
- the system was available 99.7 per cent of the time.

LOOKING FORWARD

NATIONAL VEHICLES OF INTEREST REPLATFORM

During 2016–17 we undertook the planning for a project to move the National Vehicles of Interest System from the current ageing mainframe to our preferred platform, and increase capacity of the system to meet current and future demand of partner agencies. Starting in August 2017, this project is expected to take 18 months.

NATIONAL EXCHANGE OF VEHICLE AND DRIVER INFORMATION SYSTEM

Following the National Vehicles of Interest Replatform, we will consider enhancements to the National Exchange of Vehicle and Driver Information System hosted by Austroads, to provide supplementary vehicle information to police and improve the search functions, allowing greater flexibility.

FRONTLINE SERVICES—DRUGS

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 usability. 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.

During 2016–17 this database was available 99.9 per cent of the time.

LOOKING FORWARD

NATIONAL ELECTRONIC END USER DECLARATION

We commenced work on the National Electronic End User Declaration project in March 2017. The first stage is to gather requirements and approach the market for a solution.

Buyers must complete an end user declaration when ordering controlled chemicals and equipment, stating that they will not be used in the manufacture of illicit drugs. Our business case for a National Electronic End User Declaration proposes a new electronic service to manage the current paper-based handling of end user declarations. This supports recommendation 29 of the *Final report of the National Ice Taskforce 2015*.

The new system will alert police to potentially suspicious sales of precursor chemicals and/or equipment that could be diverted to illicit drug manufacture, helping police to reduce the supply of illicit drugs.

Legislative change in each state and territory is required before the system can be fully implemented. Work to align the legislation has commenced and is occurring in parallel to the project.

CYBERCRIME REPORTING SERVICES

AUSTRALIAN CYBERCRIME ONLINE REPORTING NETWORK (ACORN)

We host and administer the ACORN, which:

- helps police and other law enforcement agencies gather valuable data about cybercrime
- enhances the national picture of cybercrime
- contributes to improved responses across Australia.

The ACORN is a joint initiative between the ACIC, the Attorney-General's Department and all Australian police agencies.

Through the ACORN people can easily report instances of cybercrime. The website also provides advice to help people recognise and avoid common types of cybercrime.

The ACORN helps to make Australia a harder target for cybercriminals by enhancing national understanding to inform prevention and disruption of future criminal activity.

For example, this year our analysis of information reported to the ACORN helped to identify and shut down a fake trader website scam in Queensland (see the Feature on page 136).

During 2016–17 the ACORN:

- attracted 240,324 visitors
- received 47,873 reports
- was available 98.8 per cent of the time.

Scams and online fraud were the highest reported incidents (51 per cent), followed by incidents related to online purchase or sale (20 per cent), cyberbullying or stalking (seven per cent), attacks on computer systems (six per cent), illegal or prohibited material (three per cent), and offending against children (two per cent). The remainder (11 per cent) fell into the 'other' category.

FEATURE: UNCOVERING FAKE TRADER WEBSITE SCAM

THE VALUE OF ANALYSING ACORN DATA

During 2016–17 a significant number of Queenslanders fell victim to a fake trader website scam. The websites lured victims by advertising items such as BBQs, outboard motors, air conditioners and gym equipment for sale at heavily reduced prices, in return for cash payment.

The victims made cash payments, but the goods were not delivered. The total losses reported to the ACORN exceed \$340,000.

Through analysing ACORN data we were able to link more than 25 fake trader websites and 10 bank accounts to a criminal enterprise. As a result, in June 2017, Queensland Police Service launched Operation Papa Caffeine to investigate the scam. Queensland police worked with hosting agencies to take down the websites, and asked for public assistance to identify several people identified in CCTV footage. Police also encouraged anyone who had fallen victim to the scam to report the matter to the ACORN.

In June 2017, police arrested two foreign nationals, a 27-year-old man and a 25-year-old woman, in Brisbane. The pair was charged with multiple offences including fraud and money laundering.



LOOKING FORWARD

REPORTING NETWORK IMPROVEMENTS

This year we continued working on a business case detailing improvements to the ACORN for both public and law enforcement users.

This project is expected to improve:

- information on the ACORN website
- user experience
- recognition and referral of non-cybercrime incidents
- information available to police
- user reporting functions
- international referrals.

BIOMETRIC AND FORENSIC SERVICES

Police across Australia use our biometric services to help solve crime and keep our community safe. These include the National Automated Fingerprint Identification System, National Criminal Investigation DNA Database, and the National Missing Person and Victim System. We are also planning improved Biometric Identification Services and a National DNA Investigative Capability.

NATIONAL AUTOMATED FINGERPRINT IDENTIFICATION SYSTEM

Australian police use this system to identify individuals by establishing a person's identity from fingerprint and palm impressions or prints. The Department of Immigration and Border Protection also uses the National Automated Fingerprint Identification System to support Australia's migration program.

The system helps solve crimes by matching crime scene prints. It also enables near real-time uploads of finger and palm prints from crime scenes, helping police identify suspects in minutes.

This system includes 8.18 million print sets of 4.75 million people. It includes prints and corresponding information taken in controlled situations usually by police or immigration authorities, and unknown prints recovered from crime scenes.

During 2016–17:

- 90,729 crime scene prints were identified
- 465,112 people were added to the system
- 1.47 million searches were conducted
- the system was available 99.5 per cent of the time.

LOOKING FORWARD

BIOMETRIC IDENTIFICATION SERVICES

When completed, the new Biometric Information Services (BIS) platform will significantly enhance police and law enforcement capability regarding biometrics and demographic information. The BIS platform will deliver:

- **BIS PRINT:** This will replace and upgrade the National Automated Fingerprint Identification System, which contains more than eight million records. BIS PRINT will provide enhanced matching capability and Rapid ID for identification services in the field.
- **BIS FACE:** This will be the national facial recognition platform for all law enforcement partners, providing a common platform for images stored within multiple jurisdictions, as well as quality control, demographic searches, face searches and photobooks.
- **BIS FUSION:** Law enforcement partners will be able to match face and finger biometrics for individuals, across state and territory boundaries.

These enhancements will increase the range and type of biometric data captured from crime scene evidence, improve national searching and the speed with which offenders can be identified and crimes can be resolved using biometric evidence. BIS will also ensure consistency with national standards, improve efficiency of onshore and offshore visa processing, and increase capability to detect and prevent fraud.

ENHANCED BIOMETRICS AT THE BORDER

To support the Department of Immigration and Border Protection (DIBP), we are assisting with its development and operational deployment of an enhanced Biometrics at the Border capability. The capability aims to enhance identity determinations and border security processes at Australia's border. DIBP forward planning will determine the future of this project.

NATIONAL CRIMINAL INVESTIGATION DNA DATABASE

This database helps solve crimes by linking DNA profiles from crime scenes with persons of interest, and excluding innocent people. It also allows police to match profiles of two or more unsolved crime scenes, linking previously unrelated investigations.

The database includes more than one million DNA profiles from samples collected by Australian police from crime scenes, convicted offenders, suspects, items belonging to missing persons and unknown deceased persons.

During 2016–17:

- 36,442 crime scene to crime scene links were identified
- 99,685 profiles were added to the database
- 52,051 crime scene to person links were identified
- the system was available 99.6 per cent of the time.

LOOKING FORWARD

NATIONAL DNA INVESTIGATIVE CAPABILITY

Enhanced DNA capability will help police solve crimes and identify victims by providing more sophisticated kinship and familial DNA matching. This will enable police to link DNA evidence and establish biological relationships between individuals. The enhanced DNA capability will build on our existing National Criminal Investigation DNA Database, which allows police to link DNA profiles across Australia's state and territory borders for criminal purposes, disaster victim identification and unidentified human remains.

During 2016–17 we continued work on implementing a forensic software product that will support the outcomes of this project. Some integration issues have delayed this project from its original delivery timeline, however, these have been rectified and delivery is scheduled for late 2017.

NATIONAL MISSING PERSON AND VICTIM SYSTEM

This system helps police identify missing persons by enabling them to search data on long-term missing persons, unidentified human remains and disaster victim identification.

An estimated 38,000 people are reported missing each year in Australia. The web-based National Missing Person and Victim System manages both ante-mortem and post-mortem data, with supporting technology for two services:

- Disaster Victim Identification system—used to process and manage data on human remains, used to identify victims of major accidents and disasters.
- Missing Persons and Unidentified Bodies database—entries include details of missing persons, used in day-to-day work with missing persons and unidentified bodies.

During 2016–17:

- 1,097 entries were added:
 - 762 ante-mortem records
 - 335 post-mortem records
- the system was available 99.9 per cent of the time.

PROTECTION SERVICES

Police use our child protection services to help identify and manage offenders against children, helping to protect children at risk. This includes the National Child Offender System, the Child Exploitation Tracking System, the National Child Offender System Data Provision and Consumption Project and the upcoming Child Exploitation Material Management System.

NATIONAL CHILD OFFENDER SYSTEM

This system helps police protect the community by enabling them to uphold child protection legislation in their state or territory. This web-based application allows Australian police to record and share child offender information. It directly enables police in each state and territory to manage key information to meet their requirements under respective child protection legislation. The National Child Offender System includes the Australian National Child Offender Register and the Managed Person System.

During 2016–17 this system was available 99.6 per cent of the time.

NEW CAPABILITY DELIVERED

NATIONAL CHILD OFFENDER SYSTEM DATA PROVISION AND CONSUMPTION

During 2016–17 we enhanced the National Child Offender System to make it more usable and efficient for police, by delivering the National Child Offender System Data Provision and Consumption Project.

This removes the need for police to manually re-enter data between local child offender systems and the National Child Offender System. Re-entering data manually is error prone and resource intensive for police agencies.

Police agencies can now upload and share their offender case information more easily, enriching and ensuring currency of the data stored in the National Child Offender System. This project also enables easier and more automated exports of National Child Offender System data for use within police agencies.

CHILD EXPLOITATION TRACKING SYSTEM

This system provides a capacity to identify children at risk of sexual abuse and enable timely intervention strategies for victims. The Child Exploitation Tracking System is a joint venture between the ACIC and the Australian Federal Police.

During 2016–17 this system was available 100 per cent of the time.

LOOKING FORWARD

REVIEW OF CHILD EXPLOITATION TRACKING SYSTEM

Due to the age of this system and the changing environment, we will be determining the needs and priorities of our stakeholders to evaluate whether this system still meets business requirements.

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.

During 2016–17 this system was available 100 per cent of the time.

LOOKING FORWARD

REALISING MORE BENEFITS FROM OUR MERGE

We will consider how it might be possible to realise further benefits of our merge, which brought together analytical capability and policing information systems and services.

Victim crime, including crimes against the person such as serious serial crime, is one area we are looking into, to see if we can provide new, connected intelligence and information services that have potential to deliver greater benefits to protect the community from this type of crime.

NATIONAL SYSTEM FOR SHARING DOMESTIC VIOLENCE INFORMATION

Currently there is no national system that enables sharing of information about domestic violence orders (DVOs) between courts and police in Australia. Each jurisdiction manages domestic and family violence proceedings using different information and data capture systems. Police may be able to access limited information about protection orders in other jurisdictions through current systems, but courts cannot.

As part of the *National Plan to Reduce Violence against Women and their Children 2010–2022*, endorsed by the Council of Australian Governments, all Australian governments committed to developing a national DVO scheme. The states and territories are in the process of enacting legislation to give effect to model laws (uniform laws that may be adopted by the states and territories,) so that an order made in one jurisdiction is automatically recognised in all others.

LOOKING FORWARD

INTERIM ORDER REFERENCE SOLUTION

In preparation for the national DVO scheme, we have built an interim solution, to improve information sharing about DVOs between police and courts. The interim solution will support implementation of the national DVO scheme, which we expect will come into force in late November 2017. The interim solution will remain in place until the full national technical capability is developed.

The Interim Order Reference Solution project is leveraging our existing National Police Reference System to provide courts with information about DVOs created in other jurisdictions, through a new web portal.

NATIONAL ORDER REFERENCE SYSTEM

The interim solution will be replaced with the National Order Reference System. We are developing this national technical capability to share DVOs between police and courts across Australia. The new system will underpin the national DVO scheme, where an order made in one jurisdiction is automatically recognised in all others. The national system will enable courts and police in all states and territories to enforce all new DVOs, regardless of the jurisdiction in which they were issued. This will improve the safety of both protected people and police.

We plan to deliver the National Order Reference System in late 2019.

SYSTEMS MAINTENANCE

As well as delivering the range of information systems and services, we also undertake regular maintenance of the underlying supporting infrastructure.

During 2016–17 we began consolidating infrastructure as a consequence of our merge, working towards common technical platforms.

We also pursued a program to upgrade our systems that need to be moved from an ageing mainframe. Examples of current services that will benefit from this move include our name matching functionality, National Vehicles of Interest and firearm systems.

Information systems and services summary performance scorecard 2016–17

AIM	HOW WE ACHIEVED THIS AIM	CONTRIBUTION TO OUR PERFORMANCE CRITERIA			
		CONNECT	DISCOVER	UNDERSTAND	RESPOND
Help our partners by: <ul style="list-style-type: none">▪ providing them with systems and services sharing intelligence and information, policing and other relevant information▪ connecting partners to us and each other	Provide police with accessible, used and reliable to protection services related to child protection and domestic violence.	✓			✓
		Achieved	Not applicable to this criteria	Not applicable to this criteria	Achieved

CRIMINAL INTELLIGENCE SYSTEMS AND DATABASES

We provide secure network access for partners to a range of analytical tools and criminal intelligence holdings to help prioritise and focus resources against serious and organised crime and protect the community.

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 our various intelligence databases and services. 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 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 ACIC intelligence products.

There are currently 27 international, Commonwealth, state and territory law enforcement agencies connected to ALEIN.

During 2016–17:

- the number of active ALEIN users was 3,841 compared with 3,320 in 2015–16
- we facilitated 10,504 visits to 751 intelligence desks within ALEIN.

During 2016–17 this network was available 99.8 per cent of the time.

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 intelligence we collect and collate as well as intelligence uploaded by our partners. ACID provides 25 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 more than 30 years old and we are working on a replacement system (see National Criminal Intelligence System on page 144). At the same time, it is important that we maintain ACID services, including stabilising and strengthening the existing systems and infrastructure.

During 2016–17:

- there were 286,569 uploads to ACID
- we created 1.49 million new entities (uploaded intelligence reports may contain details of one or more entities such as names, addresses and other specific information)
- we facilitated 2,058 active users of ACID
- there were 319,246 ACID searches.

NATIONAL CRIMINAL INTELLIGENCE SYSTEM

We concluded the NCIS Pilot Program on 30 June 2017, after three successful releases to partner agencies to test concepts related to the system's capability.

The pilot began on 1 July 2015, with \$9.799 million over two years funding under the *Proceeds of Crime Act 2002*.

The NCIS Pilot Program attracted more than 11,000 searches across more than 600 million available records and demonstrated that we can realise real-world benefits from improved information and criminal intelligence sharing.

In particular, the ability to quickly search for and use previously unshared police data proved valuable to the agencies participating in the pilot. For example, NCIS checks revealed information from Australia that helped lead to the arrest and sentencing of an international cybercriminal in the United Kingdom, who had used malware to fraudulently remove \$700,000 from an Australian business bank account (see the Feature on page 145).

NCIS has enabled deconfliction between law enforcement agencies, reducing potential for the doubling up of investigations. For example, in one case an analyst from a Commonwealth agency and an analyst from a state policing agency both searched the NCIS pilot system for the same person of interest. The deconfliction alert enabled the two analysts to get in touch and collaborate on their investigations into the person of interest, reducing duplication of effort.

LOOKING FORWARD

NCIS CONNECTIVITY TRIALS

We are seeking funding for a full NCIS capability to provide a federated intelligence and information sharing platform for collaboration and intelligence sharing with partners. This will include 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. The aim is to satisfy common, critical needs of intelligence analysts, investigators, front line officers and community policing stakeholders.

In the interim, we will conduct connectivity trials while maintaining partner agency access to the pilot system. This includes piloting and addressing security, connectivity, cultural and legal issues.

FEATURE: PILOT PROGRAM PROVES VALUE OF A NATIONAL CRIMINAL INTELLIGENCE SYSTEM

NCIS PILOT DELIVERS REAL-WORLD, OPERATIONAL VALUE FOR PARTNERS

The NCIS Pilot Program has demonstrated the value of a national criminal intelligence and information capability that transcends agency and jurisdictional boundaries.

The pilot involved 20 Commonwealth, state, territory, and international law enforcement, law compliance and regulatory agencies. Users included intelligence practitioners, investigators, managers and frontline law enforcement personnel.

The pilot operated in an artificial sharing environment with users having access to limited, point-in-time data comprising more than 600 million available records within five key national datasets.

BENEFITS TO PARTNER AGENCIES

Benefits delivered to participating agencies during the pilot included more informed risk assessments that enhanced officer safety, improved efficiency in discovering information and intelligence, deconfliction and greater collaboration across agencies, improved access to and awareness of existing and new criminal intelligence and information, better understanding of criminality and associations for persons of interest, and new lines of inquiry for investigators. As a result, partner agencies committed increasing levels of data and resources over the life of the pilot program.



♀ REAL-WORLD RESULTS

As an example of results to date, the Joint Counter Terrorism Team received a short-notice referral of a potential terrorist threat to public safety in Melbourne over the 2016 Christmas period. When the nature of the threat changed and the need to move on search warrants and arrests was unexpectedly brought forward, investigators were able to use NCIS to check details for persons of interest in a much shorter timeframe than would have otherwise been possible.

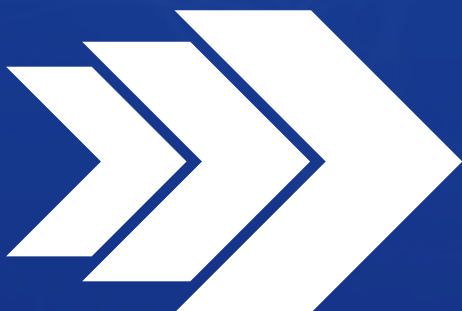
Another example involves a cybercrime investigator who was pursuing the removal of \$711,000 from an Australian business due to a malware compromise. The person of interest who received the funds was known to have opened nine separate bank accounts while in Australia. A short time later, they returned to the United Kingdom where they purchased expensive jewellery and cars. Using the pilot NCIS, the investigator discovered records showing the person of interest had been charged with fraud-related offences before leaving Australia. NCIS information also showed a convergence between a victim's report on the ACORN (see page 135) and the arrest of an associate of the person of interest, who had received funds from a malware compromise. Information from the victim's financial institution was provided to the United Kingdom authorities as context. The person of interest was charged in the United Kingdom and sentenced to two years, eight months' imprisonment.

LESSONS LEARNT

The pilot program confirmed that access to real-time data is critical to prevent and respond to criminal and national security threats.

Other important findings from the NCIS pilot include the need for agencies to commit to business transformation to overcome broader non-technical issues and change the way they share, access and use information.

The pilot also confirmed that a protected cloud environment, with shared information managed by a federated security model, is required to enable partner agencies to share information nationally while continuing to operate their local systems.



AUSTRALIAN PRIORITY ORGANISATION TARGET LIST

This year we developed the Australian Priority Organisation Target list, focusing on offshore targets impacting Australia. This list informs traditional and innovative disruption methods. See details on page 101.

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, can access the system online. The National Target System houses both the National Criminal Target List and the National Gangs List.

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.

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. Having a contemporary national list helps 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 via the National Target System.

During the coming year we will review the way we use the National Criminal Target List. This will take account of the development this year of the Australian Priority Organisation Target list, which focuses on offshore targets impacting Australia (see page 101).

AUTOMATED ALERTING SERVICE

Through Project Rosencrantz (see page 102) we provide our partners with an automated alerting service through the National Target System. This capability provides near real-time advice on the activities of criminal targets and promotes opportunities for further intelligence development and investigative activity.

NATIONAL GANGS LIST

We maintain a secure, validated and nationally agreed list of OMCG members. The National Gangs List is the first nationally accessible database containing gang and membership details for 38 Australian-based 'one percenter' OMCGs (the one per cent of motor cyclists who see themselves as operating outside the law, as opposed to the other 99 per cent who operate within the law).

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. See more on the AGICC on page 94.

The National Gangs List is linked to the National Criminal Target List and shares functionality including automated alerting.

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 ACIC.

GANGS INTELLIGENCE HUB

The Gangs Intelligence Hub is our central and secure hub of OMCG and criminal gang information and intelligence. It 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 are key gang-related capabilities we have developed to support national understanding, strengthen intelligence sharing and counter gang related crime.

OTHER DATABASES

We also manage the:

- Violent and Sexual Crime Database (see page 141)
- National Clandestine Laboratory Database (see page 134).

Criminal intelligence holdings summary performance scorecard 2016–17

AIM	HOW WE ACHIEVED THIS AIM	CONTRIBUTION TO OUR PERFORMANCE CRITERIA			
		CONNECT	DISCOVER	UNDERSTAND	RESPOND
Help our partners by: <ul style="list-style-type: none"> ▪ providing them with systems and services sharing intelligence and information, policing and other relevant information ▪ connecting partners to us and each other 	Share increased volume, breadth and formats of criminal intelligence, police, information and other relevant information.	✓		✓	
		Achieved	Not applicable to this criterion	Achieved	Not applicable to this criterion

CRIMINAL HISTORY CHECKS

We maintain the National Police Checking Service that enables Australian police agencies and accredited bodies to submit nationally coordinated criminal history checks. This enhances the safety of the community by helping to ensure the integrity of people placed in positions of trust.

NATIONAL POLICE CHECKING SERVICE

The National Police Checking Service assists organisations to screen and make informed decisions about people who are:

- applying for employment positions, including volunteers
- working with children or vulnerable groups
- applying for work-related licensing or registration schemes
- requiring work-related checks due to national security, legislation or regulations
- applying for Australian citizenship and visas.

These nationally coordinated criminal history checks provide additional information in an assessment process to lower the risk of appointing an unsuitable individual to a position of trust. We manage the process and provide the system through which Australian police agencies and accredited bodies submit nationally coordinated criminal history checks. We do not receive applications or submit checks directly on behalf of individuals.

More than 244 accredited bodies used the National Police Checking Service, including government agencies, private sector businesses, not-for-profit organisations and screening units responsible for the assessment of people who apply to work with children or vulnerable people.

There was a 9.9 per cent increase in the total number of nationally coordinated criminal history checks submitted in 2016–17, compared with 2015–16.

During 2016–17:

- 4.75 million checks were processed
- 1.42 million checks were referred to our police partners for further assessment—police services determine what information is disclosable, in line with their spent convictions legislation and/or information release policies
- 24 new bodies were accredited
- 97.2 per cent of standard checks were processed within 10 business days and 93 per cent of urgent checks were processed with five business days
- the service was available 99.3 per cent of the time.

LOOKING FORWARD

FUTURE OPERATING MODEL FOR CRIMINAL HISTORY CHECKS

In 2016–17 we engaged an independent, external consultant to develop a future operating model for the National Police Checking Service. The model was developed through wide consultation within our agency, and with police partners and other stakeholders. The aim is to ensure the future service will maximise community safety, be responsive to changing government and community needs, and be financially sustainable. The ACIC Board began considering the principles of the model in June 2017.

Criminal history checks summary performance scorecard 2016–17

AIM	HOW WE ACHIEVED THIS AIM	CONTRIBUTION TO OUR PERFORMANCE CRITERIA			
		CONNECT	DISCOVER	UNDERSTAND	RESPOND
Help our partners by: <ul style="list-style-type: none"> providing them with systems and services sharing intelligence and information, policing and other relevant information connecting partners to us and each other 	Provide police with accessible, used and reliable to protection services related to criminal history checks.	✓			✓
		Achieved	Not applicable to this criterion	Not applicable to this criterion	Achieved

○ - - - - -
WE ACHIEVE OUR INTENDED
OUTCOME THROUGH **GOOD
GOVERNANCE**, EFFECTIVE
**PLANNING AND PERFORMANCE
MEASUREMENT**, AND A FLEXIBLE
AND RESILIENT **WORKFORCE**.

SECTION 03

MANAGEMENT AND ACCOUNTABILITY

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Our people	189
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SNAPSHOT OF MANAGEMENT, ACCOUNTABILITY AND PEOPLE IN 2016–17



810 staff and **24** secondees from partner agencies



50.86% women and **49.14%** men



88.9% retention rate



8 offices around the country

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** BUSINESS ANALYSTS
SOLUTION ARCHITECTS PROJECT MANAGERS

CONTEXT

The ACIC is established under the *Australian Crime Commission Act 2002* (Cwlth) (ACC Act). Our agency was formerly known as the Australian Crime Commission (ACC), and is still known by that name for legal purposes.¹⁴

Our role and functions are underpinned by supporting legislation in each state and territory.

On 1 July 2016 the *Australian Crime Commission Amendment (National Policing Information) Act 2016* (Cwlth) amended the ACC Act to carry over CrimTrac's functions to the ACIC, including the provision of systems and services relating to national policing information and nationally coordinated criminal history checks.

We also provide resources and corporate support to, and collaborate closely with, the AIC on relevant criminological research. Our CEO is also Director of the AIC, and AIC staff have transferred to the ACIC under a Machinery of Government process.

As a Commonwealth statutory authority, we also have responsibilities under the *Public Service Act 1999* (Cwlth) and the *Public Governance, Performance and Accountability Act 2013* (Cwlth).

We are part of the Attorney-General's portfolio and, as at 30 June 2017, reported to the Minister for Justice.

INTERNAL GOVERNANCE

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

ACIC EXECUTIVE

On 30 June 2017, the ACIC Executive comprised the CEO, a Deputy CEO, three Executive Directors, eight National Managers and seven State Managers.



14. The ACC is also known as the ACIC. The ACC Act and the regulations under that Act set out the legal foundation for the ACC/ACIC, including how our agency may be named as well as the functions, responsibilities and powers of the agency, our Chief Executive Officer, Board, Examiners and members of staff. The acronym ACIC is used to refer to the ACC except in terms incorporating the acronym ACC that are defined in that form in the Act.

CHIEF EXECUTIVE OFFICER | CHRIS DAWSON APM

Chris Dawson APM was the Chief Executive Officer of the ACIC and Director of the AIC during 2016–17.

Prior to joining the agency, 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.

Mr Dawson was appointed by the Governor-General on 28 April 2014 and finished at the ACIC on 15 August 2017 following his appointment as the Commissioner of Police in Western Australia.



DEPUTY CHIEF EXECUTIVE OFFICER | NICOLE ROSE PSM

Nicole Rose was Deputy Chief Executive Officer of the ACIC during 2016–17. Prior to that Ms Rose was Chief Executive Officer of CrimTrac until it merged with the ACC to form the ACIC on 1 July 2016.

Ms Rose was previously the Director of the Office of the NSW Police Commissioner, a position she held from 2007. Before joining the NSW Police Force in 2004, Ms Rose worked in several New South Wales public sector departments including the Premier's Department, the Ministry for Police, and the Serious Offenders Review Council within the Department of Corrective Services.

In 2013 Ms Rose was awarded the Public Service Medal for services to policing. She has tertiary qualifications in Business and Management and recently completed the Vincent Fairfax Fellowship in Ethical Leadership at Melbourne University.

Ms Rose left the ACIC on 3 April 2017 to take up the role of Deputy Secretary, Criminal Justice Group in the Attorney-General's Department, and Paul Williams acted in the Deputy CEO role. Ms Rose returned to the ACIC as Acting Chief Executive Officer on 16 August 2017.



NATIONAL MANAGER, STRATEGIC ENGAGEMENT AND POLICY | JEREMY JOHNSON

Jeremy Johnson was appointed National Manager Strategic Engagement and Policy when the ACIC was established in July 2016. He previously worked at CrimTrac since 2008, as Business Manager for Biometrics, as Chief of Staff and leading the Transition Team that brought together CrimTrac and the ACC to form the ACIC. Mr Johnson has 28 years' experience in policing and law enforcement including general duties, forensic and policy roles with the Victoria Police and the NSW Police Force. Mr Johnson spent two years in a forensic role with the Vermont Department of Public Safety in the United States. He has also worked for several federal politicians. Mr Johnson holds a Bachelor of Arts, a Graduate Diploma in Criminology and an Executive Masters in Public Administration. He was also awarded the Victoria Police Service Medal in 2000.



As National Manager, Strategic Engagement and Policy, Mr Johnson is responsible for government relations and engagement, business strategy, media and communication, strategy, planning and performance, and strategic policy. He is also responsible for the National Police Checking Service.

EXECUTIVE DIRECTOR, INTELLIGENCE | COL BLANCH

Col Blanch joined the agency in 2005 from the Melbourne Criminal Investigation unit of Victoria Police. Mr Blanch was initially an investigator and team leader on numerous major agency drug and money laundering operations. He went on to head the Galilee and Eligo task forces, 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 ACIC investigations and intelligence operations, and our intelligence products development, as well as overseeing State Managers.



NATIONAL MANAGER, OPERATIONAL STRATEGY | RICHARD GRANT APM

Prior to joining the agency 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 managing the ACIC's special intelligence operations and special investigations, and our international partnerships and deployments. He is also the Head of the Vestigo Task Force.

NATIONAL MANAGER, INTELLIGENCE | DR KATIE WILLIS

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

Dr Willis is responsible for the agency's operational and strategic intelligence priorities covering cybercrime and gang activities, as well as ensuring a coordinated, effective and integrated approach to identifying and tracking intelligence targets.



STATE MANAGER, NEW SOUTH WALES | WARREN GRAY

Warren Gray joined the agency in November 2009 after a 24-year career with the Australian Federal Police.

Mr Gray is responsible for liaison with key stakeholders and overseeing ACIC operations and our office in New South Wales. He is also responsible for the National Physical Surveillance, the New South Wales Investigations unit, Business Support and Operational Support, and co-supports other areas such as the Designated Source Unit.



STATE MANAGER, VICTORIA | JASON HALLS

Jason Halls joined the agency in July 2015 following a 26-year career with Victoria Police. Mr Halls was seconded to the agency as a Team Leader and Manager Operations on major money laundering and drug operations, before heading up the 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 ACIC operations in Victoria.

Mr Halls was promoted to State Manager, Victoria in November 2016.



STATE MANAGER, QUEENSLAND | CHARLIE CARVER

Charlie Carver joined the agency 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 former ACC and National Crime Authority including as operational leader in the late 1990s to Operation Jupiter, an outlaw motorcycle 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 motorcycle 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 liaising with key stakeholders and overseeing ACIC operations in Queensland. He is also the previous Project Executive and Chair of the National Criminal Intelligence System Advisory Board, the agency's Indigenous Champion, and the National Manager of Human Source Capability.

STATE MANAGER, WESTERN AUSTRALIA | DOUG MILLER

Doug Miller joined the ACIC permanently in June 2017. Prior to this he was a Detective Superintendent with the Western Australia Police, seconded to our agency since 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 ACIC relationships with other intelligence, law enforcement and regulatory agencies in Western Australia, including management oversight of joint agency operations.

ACTING STATE MANAGER, SOUTH AUSTRALIA | MORGAN MATTHEWS

In April 2005, Mr Matthews was seconded as a Detective from Tasmania Police to our Sydney Office to manage investigations into drug importations, money laundering and serious fraud. Since leaving Tasmania Police in 2007, Mr Matthews has performed a number of agency investigation management roles in New South Wales and Victoria. Mr Matthews has more than 20 years' experience in law enforcement and has extensive experience in managing and conducting high level investigations into a diverse range of criminal activity including global money laundering, drug and fraud operations.



Mr Matthews' substantive position is Manager, Operational Capability Development and Strategy. As at 30 June 2017, he was Acting State Manager, South Australia, responsible for liaison with key stakeholders and overseeing ACIC operations in that state.

STATE MANAGER, NORTHERN TERRITORY | DAVID RICHARDSON

David Richardson is an Acting Superintendent with the Northern Territory Police Force, seconded to the agency in February 2017. Previously, Mr Richardson was seconded to the former ACC for 14 months, working in the National Indigenous Intelligence Taskforce. Mr Richardson has 20 years' policing experience across a range of disciplines including operational duties, criminal investigations, drug investigation, intelligence, and detective training. Mr Richardson holds a Bachelor of Policing (Investigations) degree.



Mr Richardson is responsible for managing our Northern Territory office including liaison with key stakeholders and overseeing ACIC operations in the territory. He took up the position when Andrew Pusterla APM retired in March 2017.

STATE MANAGER, TASMANIA | MATTHEW OSBORN

Matthew Osborn is an Inspector with the Tasmania Police Service, seconded to the agency in mid-2015. Mr Osborn has over 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, a Graduate Certificate in University Learning and Teaching, a Masters of Police Studies and Certificates in Workplace Health and Safety and Teaching and Learning.



Mr Osborn is responsible for managing our Tasmanian office including liaison with key stakeholders and overseeing operations in that state.

EXECUTIVE DIRECTOR, CAPABILITY | PAUL WILLIAMS

Paul Williams joined the agency 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, finance and legal, as well as technical operational capabilities and legal services.

NATIONAL MANAGER, OPERATIONAL CAPABILITY | NICK WOLANIN

Nick Wolanin has been with the agency since 2003. He has 30 years' experience with various Commonwealth and New South Wales law enforcement agencies, working in the fields of investigations, intelligence, prevention, policy, education and research. He has qualifications in science, criminology and management, and 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 ACIC compliance with statutes governing surveillance and operational activity.

NATIONAL MANAGER, LEGAL SERVICES | NICOLE MAYO

Nicole Mayo was Chief Operating Officer of CrimTrac from July 2013 until it merged with the ACC to form the ACIC on 1 July 2016. Ms Mayo's career spans more than 20 years in the legal profession, both in private practice and the public sector, in the Australian Capital Territory and Australian Public Service. She has extensive experience working within a complex multi-jurisdictional and legislative environment. Ms Mayo has a Bachelor of Laws and holds an unrestricted Government Practising Certificate.



She was awarded an ACT Public Service Medal in 2003 and is a Graduate of the Australian Institute of Company Directors.

Ms Mayo leads our Legal Services branch, which provides a range of legal services to the agency including the role of counsel assisting in ACIC examinations, advice to the ACIC Board and senior management, administrative and criminal law litigation, and advice on a variety of legal issues including the use of ACIC powers, policy development and legislative reform. It is also responsible for the risk and audit function, agreements and the examination capability.

Ms Mayo was previously National Manager, People, Security and Integrity, until our former National Manager, Legal Services, Rod Jensen, left the ACIC in March 2017.

ACTING NATIONAL MANAGER, PEOPLE, SECURITY AND INTEGRITY | MARDI STEWART

Mardi Stewart joined the agency in 2014. Prior to this, Ms Stewart was Director of Strategic Communication at the Department of Immigration and Border Protection. During this time, she was responsible for the communication function in the Portfolio Reform Task Force, which oversaw the consolidation of the Australian Customs and Border Protection agency and the establishment of the Australian Border Force. She was also Director of Strategic Communication, Joint Agency Task Force, Operation Sovereign Borders, and was responsible for delivering intelligence-led, anti-people smuggling campaigns both domestically and across the Middle East. Ms Stewart holds a Bachelor of Arts in Communication, with a major in political science.



During the past year, Ms Stewart has acted in the roles of National Manager, ICT Future Capability and National Manager, People, Security and Integrity. In this role, Ms Stewart is responsible for overseeing people management functions, security and organisational psychology.

NATIONAL MANAGER FINANCE, PROPERTY AND PROCUREMENT AND CHIEF FINANCIAL OFFICER | YVETTE WHITTAKER

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



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.

ACTING EXECUTIVE DIRECTOR, TECHNOLOGY AND INNOVATION | SABEENA OBEROI

Sabeena Oberoi joined the ACIC in 2016 and was appointed to National Manager ICT Future Capability. Ms Oberoi has more than 22 years' experience across a range of Australian Government departments. She has been responsible for projects related to welfare payment infrastructure, eGovernment strategy and service delivery design, critical infrastructure protection and resilience, triple zero emergency services, cyber security, and major business transformation programs. Ms Oberoi holds a Bachelor of Commerce in Banking and Finance, and a Bachelor of Mathematics (Honours).



As Acting Executive Director, Technology and Innovation, Ms Oberoi is responsible for providing and maintaining our national information capabilities and services to support policing and law enforcement.

Our previous Executive Director, Technology and Innovation, Mr Lee Walton, left the ACIC on 1 February 2017.

CHIEF TECHNOLOGY OFFICER | MATTHEW JONES

Matt Jones joined the CrimTrac agency in 2007 and was appointed Chief Technology Officer of the ACIC when CrimTrac and the ACC merged in July 2016.

Mr Jones has more than 30 years' experience in ICT in the private and public sector. He has worked across a broad range of ICT specialty areas including client and vendor management, contract negotiations, project management and detailed technical specialities. Most of Mr Jones' career has been in law enforcement, border protection and defence, including architecture and ICT delivery roles across a number of key government initiatives. Mr Jones holds a Bachelor of Computing Studies.



In his role as Chief Technology Officer, Mr Jones leads the broad range of ICT capabilities required to design, develop and operate ICT solutions using a combination of in-house, vendor supplied and contractor resources.

ACTING NATIONAL MANAGER, ICT FUTURE CAPABILITY | JAKUB BARTKOWIAK

Jakub Bartkowiak joined the ACIC in 2017 as program director for NCIS. He has extensive ICT experience including various roles at the Australian Signals Directorate, including software engineer, systems development, solutions architect, project manager and program director responsible for delivering complex systems and projects. These projects related to intelligence systems, data processing, cloud infrastructure, a target knowledge base, a customer relationship management tool, a graph visualisation tool, and a data centre. In 2013 Mr Bartkowiak was posted to Washington DC as a senior technology liaison officer at the National Security Agency. He was responsible for delivery of complex multinational projects in support of the Australian Signals Directorate's SIGINT, Cyber and Information Security missions. Mr Bartkowiak holds a Bachelor of Software Engineering and a Master of Science Specialising in Information Systems.



As Acting National Manager, ICT Future Capability, Mr Bartkowiak is responsible for the teams that plan, build and deliver intelligence and national policing information ICT solutions for the agency.

ACIC EXAMINERS

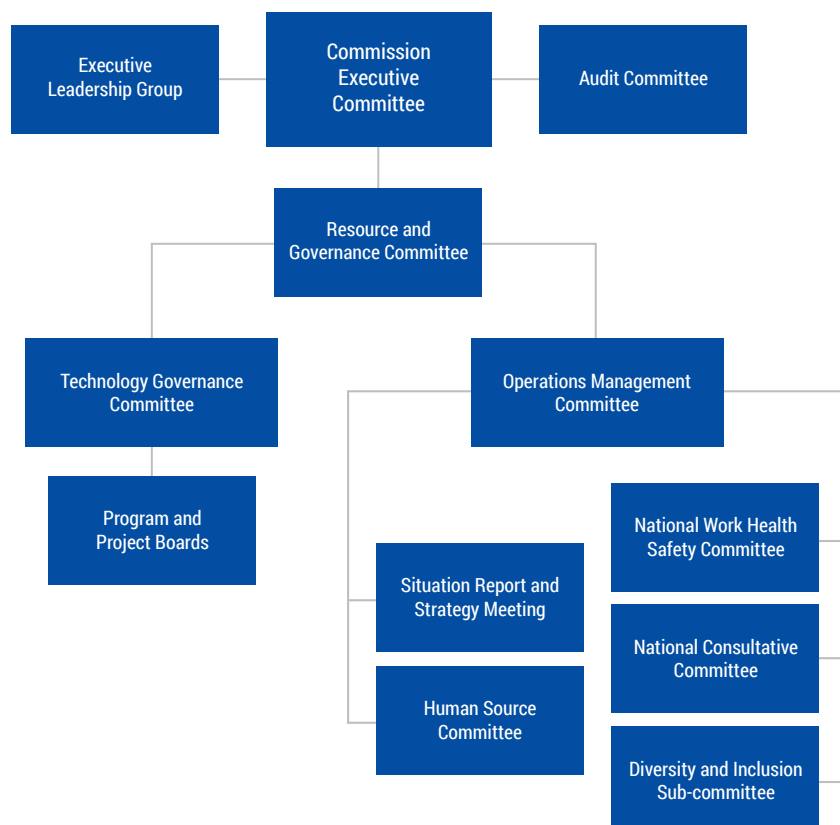
ACIC Examiners are independent statutory officers appointed by the Governor-General to exercise the coercive powers set out in the ACC Act for the purpose of ACIC Board-approved special operations and special investigations. To ensure accountability, coercive powers are only used when ACIC Examiners are satisfied that it is reasonable in all circumstances to exercise these special statutory powers. There is currently one full-time Examiner and 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, Operations Management Committee, Technology Governance Committee and several other committees, panels, working groups and consultative committees.

Following our first year of operation, we will review this structure to ensure streamlined reporting and function.

ACIC senior management committee structure during 2016–17



COMMISSION EXECUTIVE COMMITTEE

The Commission Executive Committee is our agency's peak committee to support the achievement of ACIC strategic and business objectives, effective and efficient management of ACIC resources, and management of risk. It also ensures we are accountable and meet the expectations of the ACIC Board, Australian Government and the public. It receives reporting and advice from other executive committees, makes all major resourcing decisions and reviews submissions to the ACIC Board.

The Commission Executive Committee consists of the ACIC CEO (Chair), Deputy CEO and Executive Directors. This committee meets every three weeks.

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 ACIC 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 this committee on [page 173](#)).

RESOURCE AND GOVERNANCE COMMITTEE

The Resource and Governance Committee ensures the efficient management of ACIC resources by making key decisions on recruitment and staffing, the minor reallocations of budget and recommendations to the Commission Executive Committee on major expenditure. The committee also has oversight of high-level agency management frameworks, including risk management, security and planning and performance.

OPERATIONS MANAGEMENT COMMITTEE

The Operations Management Committee makes decisions about the ACIC organised crime and intelligence work program and allocation of the relevant resources to support delivery of these 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. This aspect of the committee's function is supported by the fortnightly Situation Report and Strategy Meeting and the Human Source Management Committee.

Every third meeting of the Operations Management Committee focuses on broader issues of organisational health and effective function. The committee receives relevant reporting on a broad spectrum of organisational health indicators and oversees key organisational improvement projects. This aspect of the committee function is supported by the National Consultative Committee, National Work Health Safety Committee and Diversity and Inclusion Sub-committee.

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 Commission Executive Committee on the health and performance of the ACIC technology work program. It also provides recommendations to the Resource and Governance Committee on investment proposals. This committee is supported by specific program and project boards.

HUMAN SOURCE MANAGEMENT COMMITTEE

The Human Source Management Committee provides oversight and governance for the deployment of the ACIC 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 ACIC, and evaluating submissions that propose financial rewards for covert human intelligence sources. This committee reports as required to the Operations Management Committee.

NATIONAL CONSULTATIVE COMMITTEE (AND LOCAL CONSULTATIVE COMMITTEES)

The ACIC Enterprise Agreement sets out the arrangements for consultation and communication within the ACIC. 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 SAFETY COMMITTEE (AND LOCAL WORK HEALTH SAFETY COMMITTEES)

The ACIC has both local Work Health Safety Committees and a National Work Health Safety Committee, which have a legislative functionality under section 77 of the *Work Health and Safety Act 2011*. 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 ACIC Executive by helping to identify, develop, implement and review measures designed to manage the health and safety of our staff at work.

DIVERSITY AND INCLUSION SUB-COMMITTEE

The Diversity and Inclusion Sub-committee oversees the ACIC's Workplace Diversity Program and provides support and input into the development and maintenance of the ACIC's Diversity Strategy and Action Plan. The plan incorporates all diversity and inclusion issues including culturally and linguistically diverse backgrounds, Aboriginal and Torres Strait Islanders, disability, gender equity, mature-age and intergenerational workforce. This sub-committee supports the functions of the Operations Management Committee

OTHER COMMITTEES

EXECUTIVE HEALTH PANEL

The Executive Health Panel oversees the ACIC 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 246.

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, People, Security and Integrity, supported by relevant managers and specialists.

BUSINESS PLANNING

Our planning system connects our strategic direction, work priorities approved by the ACIC Board, risk assessment, resource allocations, performance measurement and monitoring.

Our integrated planning approach links all our operational, technological and corporate work to our strategic direction to ensure we are clear on achieving our purpose.

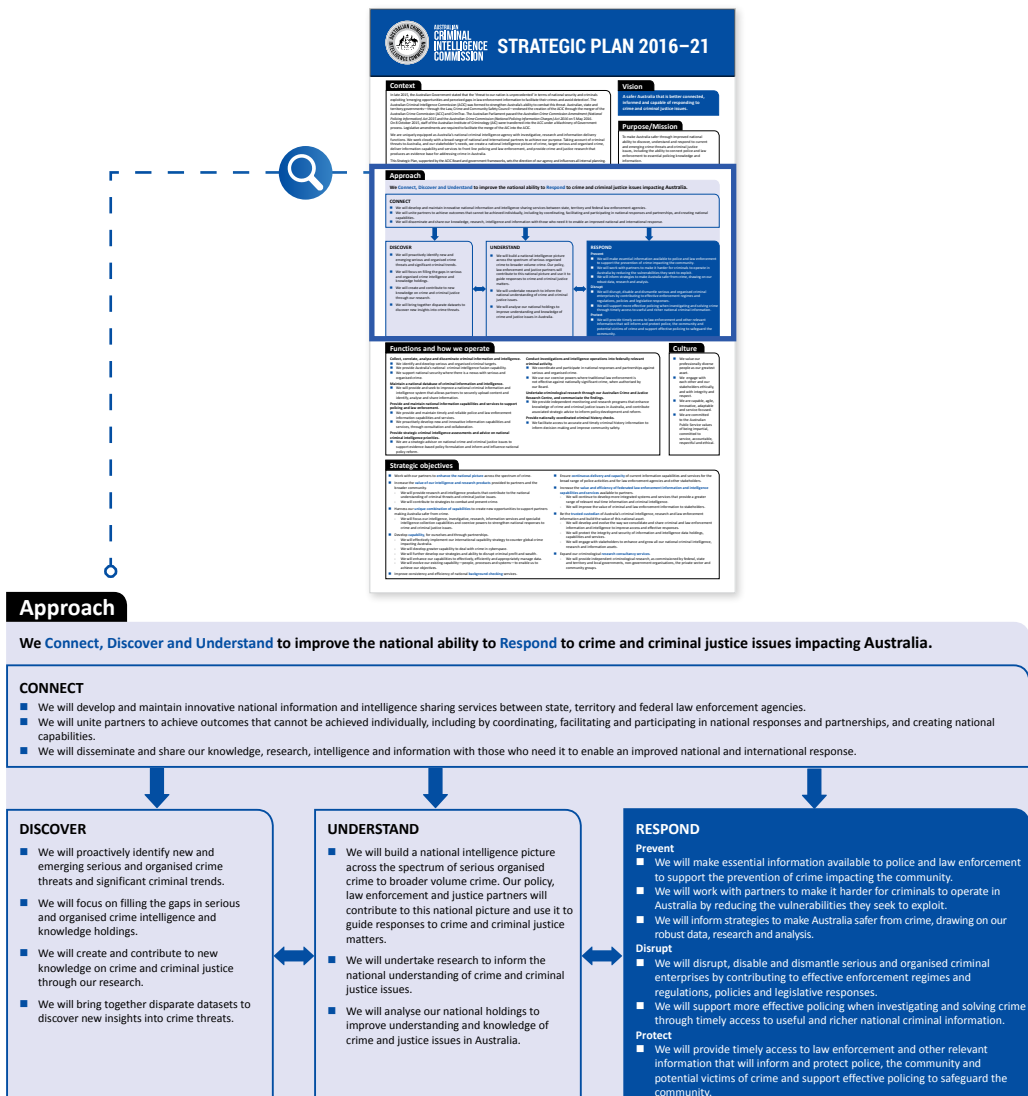
STRATEGIC PLAN

Shortly after the 1 July 2016 merge to create the ACIC, the ACIC Board approved the *ACIC Strategic Plan 2016–21*.

The plan details our agency's goals and the approach taken to achieve our mission. The plan captures our past, present and future on a single page. It clearly articulates our functions, how we operate and our culture. It also identifies our strategic objectives for the five years of the plan.

The approach detailed in our plan has formed the basis for, and directly links to, our performance framework: 'We **Connect**, **Discover** and **Understand** to improve the national ability to **Respond** to crime impacting Australia'.

Our *Strategic Plan 2016–21* is on our website at www.acic.gov.au/strategicplan



CORPORATE PLAN

We have prepared and published our corporate plan as required by the *Public Governance, Performance and Accountability Act 2013*.¹⁵ The plan has a four-year outlook and aligns to the strategic direction set in our *Strategic Plan 2016–21*. 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 latest corporate plan can be found at www.acic.gov.au/corporateplan

INTEGRATED PLANNING

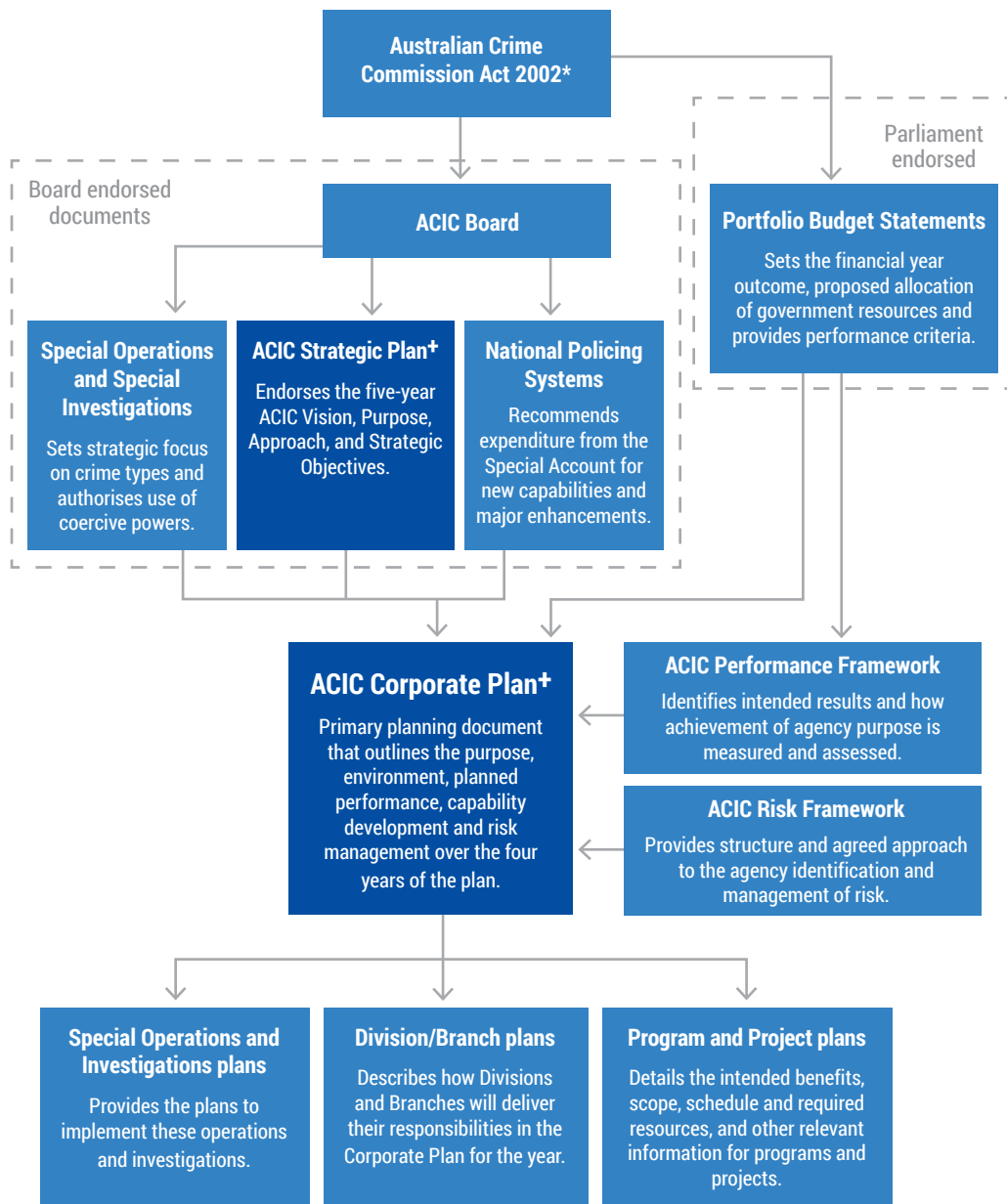
Our planning translates our strategic purpose, outcome, areas of focus and delivery into annual activities. It includes:

- **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 the aims of our special investigations and special operations, and our delivery of national policing systems, intelligence and other outputs, as well as building a sustainable future.
- **Investigation and operation plans**—These plans detail the financial year’s strategies and activities to deliver the ACIC Board-approved investigations and operations.
- **Program and project plans**—These plans detail the intended benefit, scope, schedule and required resources, and other relevant information for programs and projects.
- **Branch plans**—Due to the 1 July 2016 merge, all our branches are newly formed and 2016–17 was a period of development and consolidation. As we consolidate activities under our new structures, we have begun developing plans to describe the work of branches and how they contribute to achieving the priorities identified in our corporate plan. Branch plans will consider both business-as-usual and essential business improvement activities. These plans can then be 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 198.
- **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 174.

LOOKING FORWARD

Our future planning work will continue to strengthen, integrate and consolidate our planning across our maturing organisation. A key focus is strengthening the alignment of planning and risk management.

15. More information about the *Public Governance, Performance and Accountability Act* and corporate plans is at www.pma.finance.gov.au/

ACIC strategic planning process

* The ACIC commenced operation on 1 July 2016, following the legislative merge of CrimTrac into the Australian Crime Commission. The enabling legislation for the ACIC remains the Australian Crime Commission Act 2002, even though we now operate under the new name of the ACIC.

⁺These documents are publicly available at www.acic.gov.au

ANNUAL REPORT AWARD

During the reporting year, we completed 2015–16 annual reports for both former agencies, the ACC and CrimTrac. We were pleased that the ACC's Annual Report 2015–16 received a gold award—the third gold in a row—in the 2016 Australasian Reporting Awards. These criterion-based awards were introduced 67 years ago as a means of improving accountability for, and public communication about, the activities of organisations.

PERFORMANCE MEASUREMENT

Our agency performance criteria identify the *intended results* of our contribution to, and impact on, a shared national outcome: to make Australia safer.

As such, overall achievement against this outcome is not *always* within our direct control or influence.

Ultimately, 'end of the chain' disruption activities (such as arrests, seizures and prosecutions) and prevention activities against crime (such as policy and law reform) are usually undertaken by other agencies. However, our contribution—as measured by a range of short-term and long-term performance criteria—may have been critical or crucial in some cases or peripheral, minor or a more general strategic contribution in other cases.

The performance criteria directly link to our agency purpose and are contained within an integrated performance framework that directly aligns with our *Strategic Plan 2016–21* vision, our *Corporate Plan 2016–20* environmental assessment, planned performance and capability plans, as well as our 2017–18 Portfolio Budget Statement.

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 we have prepared our annual performance statement as the ACIC, reporting on combined criteria that measure our systems, services and serious and organised crime performance.

Our performance criteria align our purpose and strategic approach, to **connect, discover** and **understand** so Australia can better **respond** to crime threats. We apply our performance criteria across all our activities to determine our agency's achievement in delivering our purpose. Due to the interrelated nature of our activities, our activities can achieve multiple types of performance outcomes.

Some of our strategies are short-term and some are long-term. This means in any reporting period, to provide a true picture of our performance, we must reflect on our contribution across the performance criteria, even when some of our work to discover and understand has not yet resulted in a tangible response or outcome for the Australian community.

Each of the performance criteria has a number of measures for efficiency and effectiveness (incorporating a mix of quantitative and qualitative information):

- quantitative measures are benchmarked against previous performance with accompanying analysis to provide a basis for assessment
- qualitative measures provide evidence demonstrating our effectiveness against the intended result
- stakeholder survey results are part of the suite of measures used to assess performance against each criteria, as our stakeholders are important to understanding the effectiveness of our performance.

*Performance measurement framework 2016–17***PURPOSE / OUTCOME STATEMENT**

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 police and law enforcement to essential criminal intelligence, policing knowledge and information through collaborative national information systems and services.

APPROACH**CONNECT**

We help our partners by:

- providing them with systems and services
- sharing criminal intelligence and information, research, policing and other relevant information
- connecting partners to us and each other.

DISCOVER

We build the picture of crime impacting Australia by:

- collecting information, and
- combining information to discover new areas of national focus.

UNDERSTAND

We improve our understanding of the picture of crime impacting Australia by undertaking analysis to guide a better response.

RESPOND

We improve the national ability to prevent and disrupt crime and protect the community.

INDICATOR

Existing ACIC systems and services are accessible, used and reliable.

The delivery and implementation of new and enhanced ACIC systems and services satisfies the needs of stakeholders and users.

ACIC is sharing increasing volume, breadth and formats (mediums, platforms) of criminal intelligence and information, police information, and other relevant information.

ACIC builds, coordinates and maintains, strong and collaborative relationships with domestic and international partners.

The picture of crime impacting Australia is improving because ACIC is discovering crime threats, vulnerabilities, patterns, methods and trends previously unknown.

The understanding of the picture of crime impacting Australia is increasingly more comprehensive, integrated and relevant.

The understanding of the picture of crime impacting Australia is increasingly used to guide strategies and responses to crime.

Prevent: The ACIC better informs and influences the hardening of the environment against crime.

Disrupt: ACIC is conducting investigations and intelligence operations, and producing intelligence that is effective in disrupting, disabling and dismantling serious and organised crime.

Protect: ACIC partners are better informed and enabled to undertake policing and community safeguarding activities through access to national information systems and services.

QUANTIFIABLE MEASURES

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:

- comparative statistics on information and intelligence systems and services availability, usage, and support levels
- comparative statistics on volume and breadth of intelligence shared
- demonstrated delivery and implementation of planned systems and services that satisfy stakeholders and users
- the level and types of our activities to discover and understand crime impacting Australia
- the level, types and results of the responses we are involved in, and the responses we can track (to both disrupt and prevent crime) that we enabled by developing the national picture of Australian crime
- annual stakeholder survey results that form an overall assessment against the performance criteria.

STAKEHOLDER RESEARCH

We conducted market research this year to understand stakeholder perceptions and satisfaction with the range of services and products we provide, to help inform future planning. We also collected stakeholder views to help assess results against our performance criteria (for details of these results, see pages 38 to 61).

An external market research company conducted the research, which included an online survey of 132 stakeholders and 61 in-depth interviews. Respondents represented a broad cross section of agencies and classification levels. They also worked across different areas such as policy, information systems, intelligence and investigations. The survey was designed so respondents were asked questions relevant to their area of work and interaction with us.

Broadly, the research findings revealed that the ACIC is seen to have an important and unique role in law enforcement and intelligence, and there is great potential in the value we can provide to our partners. Stakeholders saw this potential as partly realised, with several areas for improvement.

Our agency's most valuable functions were seen as:

- providing information and intelligence services and systems, and information technology products
- providing intelligence.

Other areas of strength include the quality of our work, well-intentioned and knowledgeable staff, agile approach, use of coercive powers, and unique role connecting information, intelligence and stakeholders. In particular, stakeholders anticipated that NCIS, when delivered, will be a significant improvement in sharing intelligence and the subsequent detection and disruption of crime.

Respondents rated our overall performance in meeting their needs at 6.8 out of a scale of one to 10.

We intend to work on areas for improvement including stakeholder engagement, project management and delivery, timeliness, and clearly articulating our strategic direction and role.

To this end, we are considering the detail of the research findings and a new stakeholder engagement plan.

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 ACIC business areas.

Our Internal Audit function delivers an objective advisory service, independent of the individual business areas, that provides support and assurance to the ACIC Executive regarding the responsible, effective and efficient use of ACIC 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 ACIC Internal Audit Charter.

Key areas examined by Internal Audit during 2016–17 included:

- compliance with the assurance frameworks supporting the key information and communications technology systems
- management of operational equipment and exhibits
- compliance with record-keeping and policy requirements
- covert arrangements.

The audits provided an evidence-based perspective on the effectiveness of policies and procedures, the efficiency of organisational resource use and whether we were achieving operating objectives.

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 ACIC Internal Audit Charter, approves the annual audit plan, reviews progress against the plan and considers all audit reports. It also monitors implementation of all internal and external audit recommendations and takes a keen interest in progress of recommendations arising from other review activity, including from the Australian National Audit Office and Commonwealth Ombudsman.

The Audit Committee provides advice on matters of concern raised by internal auditors or the Auditor-General and advises the CEO on the preparation and review of the ACIC's financial statements and certificate of compliance.

As at 30 June 2017, the Audit Committee comprised four independent external members and one member of the ACIC Executive. The four independent audit committee members have held a range of senior roles in law enforcement, national security and financial crime, and are experienced in managing risk in these contexts.

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, ACIC 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 ACIC 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 ACIC records relating to assumed identities.

RISK MANAGEMENT

The ACIC's risk management framework assists us to make risk-informed decisions that support our work to make Australia safer through connecting, discovering and understanding to improve the national ability to respond to crime and criminal justice issues, while also meeting our corporate and legislated accountabilities.

During 2016–17 we:

- continued developing a risk management framework to support the broad remit of the ACIC
- revised and expanded our corporate risk management policy and supporting procedures
- 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
- completed a risk assessment of a key system that is valuable to stakeholders and critical to the protection of the community
- considered the potential value of an enterprise risk management tool to record, monitor and report on agency risks
- focused on approaches to improving risk culture and understanding at all levels, and
- 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 continues to develop a closer working relationship with Internal Audit and the Executive team.

SECURITY AND INTEGRITY

The ACIC 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 security and integrity framework helps the ACIC Executive remain informed of security risks to all areas of the business, and enables us to measure the high standard of conduct and integrity of all ACIC staff.

In 2016–17, we produced an agency-wide security threat and risk assessment, which identified operational and strategic risks and proposed measures to mitigate current and emerging security risks facing the agency.

Through our Security Team we continue to work towards meeting the requirements of the Protective Security Policy Framework, and we are expanding the team to include regional security advisers.

During 2016–17, our security and integrity teams focused on:

- finalising the transition to the ACIC (including the physical move to our new National Headquarters building and decommissioning the former CrimTrac building)
- reviewing and upgrading the security arrangements at the National Headquarters and regional offices to ensure a consistent approach to security across the country
- producing a threat and security risk assessment for the ACIC, which included input from senior executive and key business areas
- reviewing, providing recommendations and accrediting a number of ACIC offices and other sites related to large-scale ACIC projects
- relocating the 24-hour national monitoring function from the Sydney office to the National Headquarters in Canberra
- using risk management to guide protective security, including the development of issue-specific risk assessments
- providing regular security advice
- revising and updating security and integrity online training modules
- building a positive security culture
- enhancing the capability of our security and integrity teams
- consulting across ACIC business areas to review and update identified fraud and corruption risks
- improving mechanisms for reporting fraud, corruption and misconduct
- working closely with our Organisational Psychology Team to develop an ongoing staff suitability assurance program, to be implemented within the next financial year.

To engender and maintain the right ethical culture within the ACIC, our multi-faceted approach in 2016–17 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 reviewed and updated 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 work with recruitment to maintain a rigorous pre-employment screening process to ensure all potential employees are suitable to access ACIC 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. This year we also participated in a research project as part of the whole-of-government personnel security reforms (see page 177).
- **National Induction Program**—We include security and integrity sessions for all new ACIC employees to ensure understanding of the Australian Public Service values as they apply in the ACIC, and ethics and protective security requirements.
- **Online learning**—Our eLearning modules for Misconduct, Fraud and Corruption, and Security Awareness are compulsory for all ACIC staff on commencement and then annually.
- **Communication**—Strong internal communication 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 other forms of staff messaging.
- **Reporting**—We encourage reporting about potential issues of concern. Members of the public can make complaints through the email address on our website. 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 conflicts 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 ACIC 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.

WHOLE-OF-GOVERNMENT PERSONNEL SECURITY REVIEW

In April and May 2017 we participated in a research project led by the Attorney-General's Department. The project aimed to develop a cultural transformation strategy to strengthen security culture across government. This initiative is part of the personnel security reforms agreed by Government in October 2016, to reduce the 'malicious insider threat' (the threat to an organisation that comes from people within the organisation who have inside information about security practices, data and systems).

Staff from various levels and functional areas across our agency participated in interviews and workshops as part of the research project. The resulting report will include recommendations for future directions and potentially also insights of use to government security practitioners. Our participation will provide insight into our own agency's security culture, informing strategies to better target the malicious insider and support our security, integrity and organisational psychology work.

SECURITY INCIDENT REPORTING

Our internal security incident reporting mechanism enables all staff to report security incidents.

A total of 31 security incidents were reported in 2016–17. This included six 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 ACIC staff failing to observe security policy within our secure premises. These breaches are largely unintentional and assessed as low risk and internal in nature.

INTEGRITY ASSURANCE

Our Integrity Assurance Team contributes to effective fraud and corruption control within the ACIC and provides a reporting, prevention, detection and investigation function regarding suspected breaches of the Code of Conduct, internal fraud and corruption in the agency.

MISCONDUCT

During the year the Integrity Assurance Team investigated 23 referrals alleging staff had breached the Australian Public Service Code of Conduct. As at 30 June 2017:

- 19 of the referrals were deemed not to require a formal investigation, following an assessment or preliminary investigation
- the remaining four were investigated under ACIC section 15(3) procedures for determining breaches of the Code of Conduct and for determining sanctions.

FRAUD AND CORRUPTION

The ACIC’s *Fraud and Corruption Control Plan 2015–17* complies with the Commonwealth Fraud Control Framework and outlines our agency’s attitude and approach to fraud and corruption control, summarises risks identified in the fraud and corruption risk assessment, and details mitigation strategies identified to treat significant risks.

Where 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 2016–17, the Integrity Assurance Team received one allegation of fraud. The team received no allegations of corruption. We received 19 misconduct allegations, none of which were referred to the Australian Commission for Law Enforcement Integrity (ACLEI).

Misconduct, fraud and corruption allegations received in 2016–17

SOURCE OF REPORT	RECEIVED	OPEN	FINALISED	
			UNSUBSTANTIATED/ WITHDRAWN	SUBSTANTIATED
Externally referred	7	1	6	0
Internally referred	16	4	11	1
Total	23	5	17	1

BROADER CORRUPTION PREVENTION ACTIVITIES

Addressing corruption risk and integrity remains an area of focus for the ACIC 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 through our Memorandum of Understanding with ACLEI.

EXTERNAL SCRUTINY

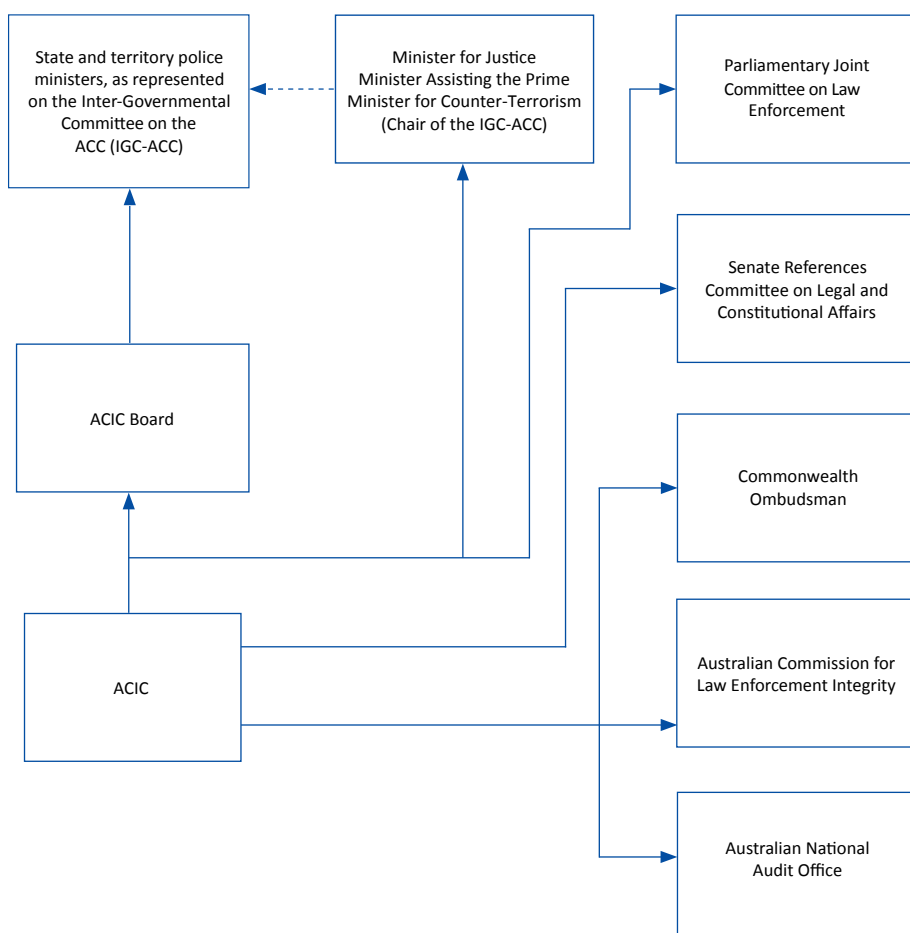
As at 30 June 2017 the ACIC was part of the Attorney-General's portfolio and accountable to the Minister for Justice, who is also the Minister Assisting the Prime Minister for Counter-Terrorism.

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

Due to the nature of our business, we operate in a contested environment and are often subject to legal challenge as a normal part of our operations.

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

ACIC 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.



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

PARLIAMENTARY COMMITTEES

Each year we contribute to various parliamentary inquiries affecting national law enforcement capability and activities. For details of this year's contributions, see page 71.

In addition this year we were called on to appear before the Senate References Committee on Legal and Constitutional Affairs at Senate Estimates hearings on 18 October 2016 and 28 February 2017. Transcripts of the proceedings and responses to questions on notice are available on the Committee website.

PARLIAMENTARY JOINT COMMITTEE ON LAW ENFORCEMENT

At the time of reporting, the Parliamentary Joint Committee on Law Enforcement consisted of 10 members. The Committee is made up of five members from the Senate (appointed by the Senate) and five members from the House of Representatives (appointed by the House). The Committee meets as required.

As at 30 June 2017, the members of the Parliamentary Joint Committee on Law Enforcement were:

- Mr Craig Kelly MP (Chair)
- Senator the Hon Lisa Singh (Deputy Chair)
- Senator the Hon Eric Abetz
- Dr Anne Aly MP
- Senator the Hon Don Farrell
- Mr Chris Hayes MP
- Senator Skye Kakoschke-Moore
- Mr Llew O'Brien MP
- Senator Barry O'Sullivan
- Mr Jason Wood MP.

The duties of the Committee are:

- To monitor and to review the performance of the ACIC and Australian Federal Police and their functions.
- To report to both Houses of the Parliament any matters relating to the ACIC or Australian Federal Police (AFP) or their performance of which the Committee thinks the parliament should be aware.

- To examine the annual reports of the ACIC and AFP 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 ACIC. 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 ACIC or the AFP.
- To make inquiries into issues, within its area of responsibility, raised by the Parliament and report back.

INTER-GOVERNMENTAL COMMITTEE ON THE ACC

The Inter-Governmental Committee on the ACC (IGC-ACC) is established under section 8 of the ACC Act.¹⁶ The IGC-ACC monitors our work, and strategic direction and work of the ACIC Board, including the use of coercive powers. Under certain circumstances the IGC-ACC has the authority to revoke a Board determination.

The IGC-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 IGC-ACC met on 19 May 2017 in Melbourne in conjunction with the Law, Crime and Community Safety Council, which comprises the IGC-ACC members and other representatives from Australia and New Zealand.

The IGC-ACC has the following functions:

- To monitor generally the work of the ACIC and the Board.
- To oversee the strategic direction of the ACIC and the Board.
- To receive reports from the Board for transmission to the governments represented on the Committee and to transmit those reports accordingly.

As at 30 June 2017, 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 Michelle Roberts MLA (Western Australia)
- the Hon Michael Gunner MLA (Northern Territory)
- the Hon Mark Ryan MP (Queensland)
- Mr Mick Gentleman MLA (Australian Capital Territory).

16. Amendments to the ACC Act are required to formally change the committee's name to IGC-ACIC.

ACIC BOARD

The ACIC Board is established by section 7B of the ACC Act and is responsible for providing strategic direction to the ACIC, setting strategic priorities for the ACIC and approving the use of the ACIC's special coercive powers. The Board is also responsible for determining the ACIC's special operations and special investigations.

In setting the ACIC'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 ACIC work. The Board also plays an active role in addressing strategic issues faced by the ACIC and in authorising or identifying key areas of new work that we should pursue.

As at 30 June 2017, the Board comprised:

- Commissioner, Australian Federal Police (Chair)
- Secretary, Commonwealth Attorney-General's Department
- Comptroller-General, Customs (Commissioner of the Australian Border Force)
- Chairperson, Australian Securities and Investments Commission
- Director-General of Security, Australian Security Intelligence Organisation
- Commissioner, Taxation of the Australian Taxation Office
- Commissioners, all state police forces and the Northern Territory police force, and Chief Police Officer, ACT Policing
- CEO, ACIC (as a non-voting member).

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

CHAIR'S ANNUAL REPORT

Details of ACIC Board meetings and the Chair's report on the ACIC's operations are contained in the *Australian Criminal Intelligence 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 ACIC Board*

BOARD DECISIONS AND CONSIDERATIONS

The following table lists Board authorisations as at 30 June 2017.

ACIC Board authorisations 2016–17

DETERMINATION	TYPE	ESTABLISHED
Vestigo Task Force	Task Force	Established 30 November 2016
Cyber-related Offending	Special Operation	Established 21 June 2017
Firearm Trafficking	Special Operation	Established 21 June 2017
High Risk and Emerging Drugs No. 3	Special Operation	Established 21 June 2017
National Security Impacts from Serious and Organised Crime No. 2	Special Operation	Established 4 September 2013
Outlaw Motor Cycle Gangs	Special Operation	Established 4 September 2013
Highest Risk Criminal Targets No. 2	Special Investigation	Established 4 September 2013
Targeting Criminal Wealth No. 2	Special Investigation	Established 4 September 2013
Criminal Exploitation of Australia's Migration System	Special Operation	Established 8 June 2016
Emerging Organised Crime Threats No. 2	Special Operation	Established 21 June 2017
National Task Force Morpheus	Task Force	Established 1 July 2014
Eligo 2 National Task Force	Task Force	Closed 30 November 2016

In addition, in 2016–17 the Board:

- approved the ACIC's External Governance and Engagement Model, agreeing to establish committees to inform the development, implementation and operational initiatives that support national policing services and systems
- approved the ACIC Board Charter of Governance that describes the role, responsibilities and authority of the Board and its members
- endorsed the ACIC *Strategic Plan 2016–21*
- endorsed the updated Australian Criminal Intelligence Management Strategy 2017–20
- noted prioritisation of ICT projects to ensure we can deliver on key priorities
- agreed to progress further work on key recommendations in the *Independent Review of the ACC Act*, which presents an opportunity to ensure we have the necessary powers to support its investigative and intelligence functions
- reviewed the outcomes of the Serious and Organised Crime Coordination Committee and discussed future work and engagement to ensure alignment with the strategic issues facing the agency

- noted the importance of the NCIS Pilot Program and endorsed development of the first pass business case and progression to the second pass business case
- reviewed ACIC strategic priority areas and the planned activity and response to the threats identified under our special investigations and special operations
- endorsed the 2017 iterations of the *Organised Crime in Australia* assessment and *National Criminal Target Report*
- authorised two new special operations—the Cyber-related Offending Special Operation and the Firearm Trafficking Special Operation
- approved an extension of the pilot for the Enhanced Biometrics at the Border project
- received a briefing on Project Petram, which was established to examine and understand criminal exploitation of offshore unregulated bookmakers
- received briefings on outcomes from the National Criminal Intelligence Capability Committee and Technology Capability Committee
- noted the agency's one-year anniversary as an important milestone.

During the reporting year, the Board farewelled Commissioner Andrew Scipione APM, NSW Police Force, who commenced his appointment in 2007, and Mr Paul Jevtovic APM, AUSTRAC CEO, who commenced his appointment in October 2014 and served as a non-voting observer.

BOARD-ENDORSED EXTERNAL GOVERNANCE AND ENGAGEMENT MODEL

Following the establishment of the ACIC, the ACIC Board endorsed external governance arrangements to support the ACIC Board and effective operation of the ACIC. These arrangements include external engagement bodies comprising representatives from Board member agencies. We engage with these bodies to inform the decisions of the ACIC CEO and the Board and to provide assurance that the views of all partner agencies have been considered. The external engagement bodies include the following advisory committees:

- **Capability Coordination Group**—This group coordinates and deconflicts advice from these advisory committees to ensure consistent advice is provided to the ACIC CEO and Board.
- **Law Enforcement Information Services Capability Committee**—This committee informs the development, implementation and operation of initiatives that support national law enforcement information sharing services and systems for Australia's police, wider law enforcement and national security agencies.
- **National Criminal Intelligence Capability Committee**—This committee promotes and champions the professionalism of the national criminal intelligence capability, and collaborates on strategic intelligence issues at a national level to ensure coordinated advice for Australia's police, wider law enforcement and national security agencies. During 2016–17 this committee finalised the *Australian Criminal Intelligence Management Strategy 2017–2020*, which proposes a framework to harness and share intelligence assets and support a whole-of-enterprise approach to capability management. The strategy guides actions towards achieving a vision of intelligence partnership for a safer Australia. The ACIC Board and state and territory police ministers endorsed the strategy at the Law, Crime and Community Safety Council in May 2017.

- **Serious and Organised Crime Coordination Committee**—This committee supports prioritisation, endorsement and coordination of operational strategies for dealing with serious and organised crime investigations, targets and threats at a national level. This year the committee progressed ACIC Board-approved strategies including the *National Outlaw Motor Cycle Gang Strategy*, *National Illicit Firearms Strategy*, and *National Law Enforcement Methylamphetamine Strategy*. This committee also oversees coordination of Joint Management Groups, which mainly focus on entities on the National Criminal Target List.
- **Technology Capability Committee**—This committee informs and supports the development, implementation and operation of the national services and systems we deliver for Australia's police, wider law enforcement and national security agencies.

AUSTRALIAN COMMISSION FOR LAW ENFORCEMENT INTEGRITY

The ACIC'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 ACIC and the former National Crime Authority where necessary.

Under this Act, our CEO is required to notify the Integrity Commissioner of corruption issues that relate to the ACIC. While the decision to notify the Integrity Commissioner rests with the CEO, the ACIC and ACLEI work collaboratively and cases are discussed to assess whether there should be a notification.

During 2016–17 the ACIC did not notify ACLEI of any corruption allegations.

COMMONWEALTH OMBUDSMAN

The Commonwealth Ombudsman inspects ACIC records associated with our controlled operations, use of surveillance devices, telecommunications interception activity and access to telecommunications data.

During 2016–17 the Ombudsman visited ACIC offices in Brisbane, Sydney and Melbourne to conduct eight inspections, including the first records based inspection of ACIC access to telecommunications data as a result of changes to the *Telecommunications (Interception and Access) Act 1979* in 2015.

The Ombudsman has issued a report for one of these inspections, on the ACIC's surveillance devices records for the period 1 January to 30 June 2016. In the report, the Ombudsman was satisfied that the (then) ACC had used the powers as Parliament intended, and that we were compliant with all inspection criteria. No recommendations were made, and the Ombudsman reported it was satisfied that the ACIC had taken remedial action in response to two issues relating to inspected records. Reports outlining results from inspections of ACIC records become publicly available once the Minister has tabled them in Parliament.

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 ACIC activities this year.

FREEDOM OF INFORMATION

The ACIC 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 ACIC 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 provide an FOI report, which is at Appendix D on page 249.

JUDICIAL DECISIONS

The ACIC 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 2016–17 we were involved in two significant matters. The first was a judicial review application that sought to challenge the breadth of a Board determination and a decision of an Examiner to issue a summons under that determination. The second was an Interlocutory appeal where the ACIC sought leave to intervene.

XXVII V THE COMMONWEALTH OF AUSTRALIA

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

On 29 March 2017, the Court ruled in favour of the ACIC, dismissing the application. Justice Charlesworth found that the application sought to re-litigate issues that had been resolved by the decisions in *XCIV v ACC & Sage*, *LX v Commonwealth of Australia*, and *XX v Australian Crime Commission* and upheld the validity of the Highest Risk Criminal Targets No. 2 Special Investigation determination. At the time of writing, an appeal against this decision had been heard and judgement was reserved.

COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS V DONALD GALLOWAY (A PSEUDONYM) & ORS

On 5 August 2016 the Commonwealth Director of Public Prosecutions filed an application seeking leave to appeal the decision of the Victorian Supreme Court to permanently stay the prosecutions of Galloway, Strickland, Hodges and Tucker. On 31 August 2016, the ACIC was granted leave to intervene in the proceedings.

Judgement was delivered on 25 May 2017, and published on 30 May 2017. The Court of Appeal overturned the stay and found:

1. The Examiner's decision to permit dissemination of the examination material (the 'publication decision') to the Australian Federal Police was unlawful.
2. It was not open to the judge to make a finding that the Examiner was reckless in his exercise of his powers under s.25A of the ACC Act.
3. The Financial Crimes and Money Laundering Determinations were both valid.
4. The examinations were unlawful because they were not conducted 'for the purposes of an ACC special investigation'.
5. The examinations were also unlawful because they were conducted for an improper purpose, being the purposes of the Australian Federal Police investigation/at the behest of the Australian Federal Police.
6. There was no sufficient forensic disadvantage suffered by any of the respondents to justify a stay of proceedings.

At the time of writing, the matter was the subject of an application for special leave to appeal to the High Court. The ACIC has indicated our intent to file a Notice of Contention in the event that leave is granted.

CONTEMPT OF THE ACIC

ACIC Examiners have the power to apply for a witness to be dealt with for contempt of the ACIC 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 2016–17.

LEGISLATIVE CHANGE

AMENDMENTS TO THE ACC ACT AND REGULATIONS

As reported in 2016, amendments to the *Australian Crime Commission Act 2002* (ACC Act) made by the *Australian Crime Commission Amendment (National Policing Information) Act 2016* to give effect to the merge of the ACC and the CrimTrac agency commenced on 1 July 2016, as did the *Australian Crime Commission (National Policing Information Charges) Act 2016* (Charges Act). No further amendments have been made to the ACC Act or the Charges Act during the reporting period.

The Crimes Legislation Amendment (International Crime Cooperation and Other Measures) Bill 2016, introduced in the House of Representatives on 23 November 2016, was still before the Parliament at the end of the reporting period. Schedule 10 to the Bill would make minor amendments to the ACC Act to resolve concerns about use of an alternative name (in practice ‘Australian Criminal Intelligence Commission’) for the merged agency in certain defined expressions.

Following the commencement of the Australian Crime Commission Amendment (National Policing Information) Regulation 2016 on 1 July 2016, two further amendments to the Australian Crime Commission Regulations 2002 were made during the reporting period:

- The *Australian Crime Commission Amendment (National Policing Information) Regulation 2016 (No. 1)*, which commenced on 2 September 2016 (although some provisions were retrospective to 1 July 2016):
 - simplified the original list of bodies that collect national policing information
 - prescribed additional kinds of information that may be national policing information
 - prescribed an expanded list of bodies, other than ACIC Board agencies, that may receive national policing information.
- The Australian Crime Commission Amendment (Witness Expenses) Regulations 2017:
 - replaced the *High Court Rules 2004* with the *Royal Commissions Regulations 2001* (RCR) as the relevant scale for payment of expenses to witnesses at ACIC examinations
 - prescribed a corresponding scale of payment of expenses for persons required under section 21A of the ACC Act to produce documents or things to an Examiner or a member of the staff of the ACIC.

PROPOSED MERGE WITH AIC

The Australian Crime Commission Amendment (Criminology Research) Bill 2016 was introduced in the House of Representatives on 14 September 2016 to replace a substantially identical bill that lapsed on the dissolution of the 44th Parliament. The Bill would repeal the *Criminology Research Act 1971* (abolishing the AIC) and transfer the AIC’s functions and financial powers and responsibilities (including administration of the Criminology Research Special Account) to the ACIC.

We continue to strengthen our relationships with the AIC. We are united under a Machinery of Government change, with AIC employees as members of ACIC staff and our CEO remains the Director of the AIC.

OUR PEOPLE

As at 30 June 2017 we had a staff of 810¹⁷ (Australian Public Service employees and statutory office holders) supplemented by 24 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; business and systems analysts; solution, enterprise, security and information architects; project managers; business change managers; program delivery managers; and corporate services staff.

We also work with secondees from our partner agencies, some of whom are seconded to the ACIC 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 2017

STAFFING CATEGORIES	NO. OF STAFF AS AT 30 JUNE 2017	NUMBER OF FULL-TIME EQUIVALENT (FTE) STAFF AS AT 30 JUNE 2017	AVERAGE STAFF LEVEL DURING 2016–17
APS employees Statutory office holders	810	761.25	757.69
Secondees funded by the ACIC	14	14	14
Secondees funded by jurisdictions	10	10	10
Total core staff	834	785.25	781.69
Task force members	100	100	100
Total overall staff	934	885.25	881.69

Notes:

1. This table reflects the number of secondees as at 30 June 2017. However, as secondees work with us for different periods of time throughout the year, the overall total of secondees for 2016–17 was 205.
2. Further information on consultants is provided in *Chapter 4: Financial performance*.

17. The increase in staffing numbers in 2016–17 is largely due to the merge of the ACC and CrimTrac to form the ACIC. It also incorporates 37 staff from the AIC.

SECONDEES AND TASK FORCES

- **Secondees**—We supplement our staffing with secondees from other agencies. As at 30 June 2017 we had a total of 24 secondees, both ACIC funded and funded by other agencies. Throughout the reporting year we hosted a total of 205 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 2017 we had 100 task force members. Throughout the reporting year we hosted 171 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 254.

Staffing profile trends 2009–10 to 2016–17

HEADCOUNT AS AT 30 JUNE	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17
APS and statutory office holders	546	628	598	584	562	581	595	810
Secondees funded by the ACC/ACIC	29	45	23	21	23	23	14	14
Secondees funded by other jurisdictions	20	19	15	20	20	13	11	10
Total core staff	595	692	636	625	605	617	620	834
Task force and JAG members	37	18	13	21	46	35	82	100
Total overall available resources	632	710	649	646	651	652	702	934
Full-time equivalent (APS only)	526.8	606.61	565.21	553.94	532.98	550.8	561.20	761.25
Average staffing level (APS only)	N/A	N/A	556.29	553.35	531.57	529.8	554.81	757.09

Note: The increase in staffing numbers in 2016–17 is largely due to the merge of the ACC and CrimTrac to form the ACIC. It also incorporates 37 staff from the AIC.

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 2017

LOCATION	NUMBER
Canberra	420
Sydney	138
Melbourne	100
Brisbane	84
Adelaide	33
Perth	27
Darwin	2
Hobart	1
Dubai	1
Ottawa	1
Washington	3

A breakdown of employment capacity by location is in Appendix F on page 254.

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 2017

CLASSIFICATION LEVEL	NUMBER
APS 1	2
APS 2	1
APS 3	43
APS 4	113
APS 5	122
APS 6	131
EL 1	294
EL 2	88
SES 1	12
SES 2	2
CEO	1
Examiners	1

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 page 254.

GENDER

This year, women comprised 50.86 per cent of our organisation. There are 126 more women than men at classification levels APS 1–6, but 120 more men than women at the EL 1, EL 2 and SES levels.

Overall representation of women in EL and SES levels decreased to 36.61 per cent. This is below the 43 per cent of women SES across the broader APS as at 30 June 2016, as reported in the *State of the Service Report 2015–16*.

APS employees by gender as at 30 June 2017

GENDER	NUMBER
Men	398
Women	412

A breakdown of gender distribution by classification is in Appendix F on page 254.

AGE

The ACIC's age profile includes strong representation in all five-year age brackets, which range from under 21 to over 65 years of age.

CULTURAL DIVERSITY

A total of 22.8 per cent of staff have identified that Australia is not their country of birth and 8.3 per cent do not have English as a first language, while 11.6 per cent chose not to give this information.

WORKPLACE DIVERSITY

Workplace diversity at our agency 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. We are committed to creating an environment focused on building a diverse workforce to better deliver on our purpose of making Australia safer. The Diversity and Inclusion Sub-committee of the Operations Management Committee oversees our Workplace Diversity Program and actively promotes, participates in and supports initiatives to improve diversity awareness and inclusivity within our workforce. The Diversity and Inclusion Sub-Committee has started developing our 2017–19 diversity action plan focusing on issues including:

- people from culturally and linguistically diverse backgrounds
- Aboriginal and Torres Strait Islander peoples
- people with disability
- gender equity.

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 ACIC
- 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
- seen the uptake and use of protocols and guidelines on Acknowledgement of Country used during presentations and programs
- increased employment pathways for Aboriginal and Torres Strait Islander peoples into the ACIC by continuing to participate in the entry level programs, the Indigenous Australian Government Development Program and the APS Indigenous Graduate Program
- increased staff knowledge and awareness of Indigenous communities by continuing to participate in the Jawun Secondment Program.

Our Reconciliation Action Plan (RAP) Working Group has reviewed the draft *Reconciliation Action Plan 2017–19* and will seek endorsement from Reconciliation Australia in 2017–18.

Our rate of Indigenous employment at the ACIC is 1.23 per cent.

FEATURE: RECONCILIATION INITIATIVES STRENGTHEN AWARENESS AND UNDERSTANDING

PRESENTATIONS HIGHLIGHT INDIGENOUS EXPERIENCE AND CULTURE

Our *Reconciliation Action Plan 2015–17* expresses our agency's vision for reconciliation as continuing to build relationships with, and develop mutual respect between, Aboriginal and Torres Strait Islander and non-Indigenous employees through a work environment that is respectful and values diversity.

As well as our ongoing initiatives to support this aim, this year we reflected on two significant anniversaries in Australia's reconciliation journey: 50 years since the 1967 referendum, and 25 years since the historic Mabo decision.

We took the opportunity to renew our focus on celebrating and building respectful relationships between Aboriginal and Torres Strait Islander peoples and the broader community, with a series of special events in our offices around the country during National Reconciliation Week in mid-2017.

One particularly noteworthy presentation was from Jeremy Donovan, an Aboriginal man descended from the Kuku-Yalanji tribe of Far North Queensland. In an engaging and touching presentation, Mr Donovan spoke of his heritage, culture, history and ancestry and the impacts on his life, choices and connections. He shared the trials he has overcome as an Aboriginal man to achieve his dreams and aspirations. Mr Donovan explained how his grandfather taught him that as an Aboriginal man he had a responsibility to pass on his history and teach and share what he knows—that Aboriginal culture belongs to everyone.



DISABILITY

A total of 2.7 per cent of ACIC staff have identified as having a disability. We have renewed our Australian Network on Disability membership, to enable development of strategies to improve workplace inclusivity for ACIC employees and stakeholders with disability.

CULTURE STRATEGY

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. This year we continued to implement our culture strategy to foster an inclusive, positive and productive working environment, encouraging innovation, driving business improvement, and continuing to attract and retain high performing employees.

Our culture strategy is informed by and aligns with the:

- *ACIC Enterprise Agreement 2016–19*
- ACIC Charter of Respect
- *ACIC Strategic Plan 2016–21*
- *Public Service Act 1999* instruments and guidelines regarding to workplace values in the public service, work health and safety, and performance management principles.

We are revising our culture action plan to include initiatives to continue to build a positive workplace culture.

‘GIVE RESPECT, GET RESPECT’ CAMPAIGN

In 2016–17 our ‘Give respect, get respect’ staff engagement and communication campaign received an International Association of Business Communicators’ Gold Quill Award for communicating workplace culture reform in an Australian Government agency.

We ran the campaign from September 2015 to June 2016, to encourage staff to actively think about their actions in the workplace and to engage with cultural initiatives. It involved prompts through screensavers, a desktop calendar, bookmarks, case studies demonstrating how people were making a difference in the workplace, emails and video messages from senior leaders as well as a guest speaker series. Evaluation indicated the majority of staff agreed the campaign kept them informed of workplace culture reform, with some respondents giving examples of actions they had taken to personally improve workplace culture.

REMUNERATION AND BENEFITS

WORKPLACE AGREEMENTS

During 2016–17 our *ACIC Enterprise Agreement 2016–19* covered a total of 932 employees (this does not include our substantive SES or Examiners). This agreement commenced on 30 December 2016. It provides a range of flexible working arrangements and aligns key ACIC conditions with APS-wide conditions.

PERFORMANCE PAYMENTS

The ACIC 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 198).

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 198). We also offer free influenza vaccinations, and an employee assistance program providing counselling and support for staff and family members.

SALARY RANGES

Salaries for APS employees range from \$43,287 (APS 1) to \$135,583 (EL 2).

Salary bands under our Enterprise Agreement 2016–19

CLASSIFICATION LEVEL	SALARY AS AT 30 JUNE 2017
APS 1	\$43,287–\$47,842
APS 2	\$49,728–\$55,142
APS 3	\$57,530–\$62,092
APS 4	\$63,236–\$68,662
APS 5	\$70,018–\$74,246
APS 6	\$76,396–\$86,454
EL 1	\$96,317–\$116,120
EL 2	\$120,337–\$135,583

EXECUTIVE REMUNERATION

The nature and amount of remuneration for SES officers is determined through the ACIC 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 ACIC, comparisons with other SES officers, and the quantum of remuneration relative to other ACIC staff. The ACIC uses Common Law Contracts for all SES employees to govern remuneration and entitlements. Details of SES total remuneration are in the financial statements (see page 232).

CEO AND EXAMINERS REMUNERATION

As our CEO and ACIC Examiners are statutory office holders, the Remuneration Tribunal sets their remuneration and entitlements. As at 30 June 2017, the CEO base salary was \$347,300 with a total remuneration package of \$496,130.

ACIC 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 2016–17 a total of 118 staff left the ACIC. Reasons included moving to another APS agency, retirement, redundancies and completing non-ongoing contracts. A breakdown of staff turnover by reason is below.

APS staff turnover as at 30 June 2017

TERMINATION REASON	NUMBER
Commenced on incorrect Australian Government Service (AGS) number	1
Completed non-ongoing contract	6
External promotion	5
External transfer	31
Invalidity retirement	1
Move to other agency	9
Resignation	45
Retired after Age 55	13
Section 29 3c of the Public Service Act (poor performance)	1
Voluntary redundancy	6

As at 30 June 2017, our retention rate was 88.9 per cent.

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 2016–17, our Performance Development System completion rate was 96 per cent.

Our Performance Development System enables incremental salary advancement. Staff are rated on a three-point scale (high performing, performing well and requires development) and are eligible for an incremental increase if they receive a rating of high performing or performing well.

Managers are supported with guidance on the more formal aspects of the performance management process, including aspects of underperformance. Managers and staff are supported through 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

We recognise staff who make a significant contribution to achieving our goals through a formal CEO Awards program. This year, the following major awards were presented:

- **The Geoffrey Bowen Memorial Award**—to Michael Manning, Principal Legal Specialist, in recognition of his exceptional professionalism, commitment to work, mentoring and guidance of junior staff.
- **Excellence in the Intelligence Division**—to Lisa Palmer, Intelligence Analyst, for her professionalism and development of excellent partnerships with local and interstate investigators, which supported operational outcomes.
- **Excellence in the Capability Division**—to Suma Hoyle, Property Projects Team Leader, for her positive attitude, decisive leadership and ability to consistently deliver to a high standard, including staff relocations and office fit outs.
- **Excellence in the Technology and Innovation Division**—to the IT Service Operations Team (Service Desk) for their dedication and commitment to maintaining ICT systems during the merge, including professionalism and resilience under pressure.
- **Excellence in the field of research (AIC award)**—to Christopher Dowling, Senior Research Analyst, for his work including an evaluation of the ACORN and developing a family and domestic violence research program.

These awards are designed to recognise the champion practitioner in key business areas.

Individuals are also recognised for their service to the ACIC through service awards for 10, 15 and 20 years of service.

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 a blended learning and development philosophy, which recognises that experience within the workplace provides for the most effective learning, when blended with learning from others through coaching and mentoring, and formal learning opportunities. This learning approach follows the 70:20:10 learning philosophy.

LEARNING AND DEVELOPMENT 70: 20: 10: PHILOSOPHY



OPPORTUNITIES

We provide learning and development opportunities in three key areas:

- **Core**—We provide learning activities to support positive workplace culture and fundamental organisational practices for employees to work successfully in the ACIC environment. Examples include induction, APS Core Skills programs, presentation skills, systems 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 qualifications in investigations, compliance, analytics, national security policy, money laundering methodologies, strategic intelligence, criminology, and telecommunications technology.
- **Leadership and management**—We invest in developing our managers and leaders through our ACIC leadership programs, ACIC Mentoring Program and executive coaching. We also provide opportunities through external programs, such as those delivered through the Australian Institute of Police Management, Australian Public Service Commission, National Security College, Australian and New Zealand School of Government, Australian Federal Police, and the Women in Law Enforcement Strategy Mentor Program.

OUTCOMES

This year ACIC staff collectively attended 2,469 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 communication technologies, intelligence, investigations, psychology and media), induction and compliance. Examples include:

- **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 agency intelligence mentoring program with Victoria Police**—In April 2017 we finalised the 12-month Joint Agency Intelligence Mentoring Pilot Project. The pilot program involved four mentoring pairs from our agency and Victoria Police. It supported the aim of professionalising the intelligence discipline through the development of national standards for intelligence practitioners and analysts. The pilot was assessed by both agencies to be highly successful and a valuable basis for future developmental programs.

The key objectives of the pilot project were to:

- encourage opportunities to foster personal and professional growth through the sharing of business information, skills, attitudes and behaviours

- facilitate greater understanding in both agencies of the role of intelligence and to identify opportunities for collaboration by connecting intelligence staff outside of formal relationships
- develop a culture of professional support by linking experienced intelligence mentors with promising mentees.
- **Management expertise and business skills**—This year staff undertook management and core business development opportunities to enhance our workforce capability. These programs included:
 - Prince 2 project management
 - Financial delegations
 - Think on your feet
 - Writing skills.
- **APS Values and Ethics workshop**—This year we delivered the APS Ethics and Values workshop to all new 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 APS employee responsibilities for upholding and supporting the APS Values and Code of Conduct at all times.
- **Professional Development Lecture Series**—These lectures from internal and external experts provided staff with an opportunity to learn valuable information that benefits their work at the ACIC. The lecture series is intended to promote the development of our internal presenters as well as attendees. Guest lecturers included:
 - Dr Rory Medcalf, National Security College, on risks to Australian security interests out to the 2030s
 - Dr Claire Ferguson, Queensland University of Technology, on critical skills for critical minds.

EVALUATION

We conducted 50 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 for example by participating in last year's Australian Public Service Commission 'Census' survey process. Results are in a unique context due to the timing of the census ahead of the merge between CrimTrac and the ACC. Results indicated that:

- consistent with other agencies across the Australian Public Service, both CrimTrac and the ACC received good results in employee engagement with work, satisfaction with immediate supervisors, and satisfaction with job security
- both CrimTrac and ACC employees had more formal education than the average employee across the Australian Public Service.

Turnover was only slightly higher than that in the wider Australian Public Service, with 14.2 per cent in CrimTrac and 12.5 per cent in the ACC.

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 245) details our 2016–17 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. We 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
- recycling facilities in breakout 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.**

SECTION 04

FINANCIAL PERFORMANCE

Overview of our financial performance	206
Audited financial statements	213

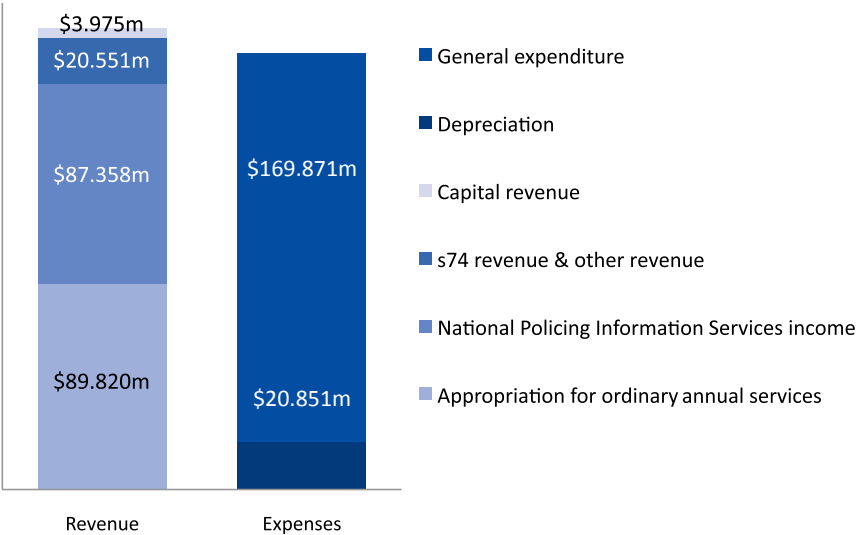
OVERVIEW OF OUR FINANCIAL PERFORMANCE

The ACIC’s financial result for 2016–17 was an operating surplus of \$10.982 million. The accounting standards require non-operating items such as unfunded depreciation expenses and capital funding income from portfolio agencies to be recognised as operating activity. With the exclusion of unfunded depreciation and capital funding, the ACIC would have realised a surplus of \$16.852 million for the financial year.

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

During 2016–17 there were no instances of significant non-compliance with the finance law.

Revenue and expenditure analysis 2016–17



The major components of the surplus primarily relate to:

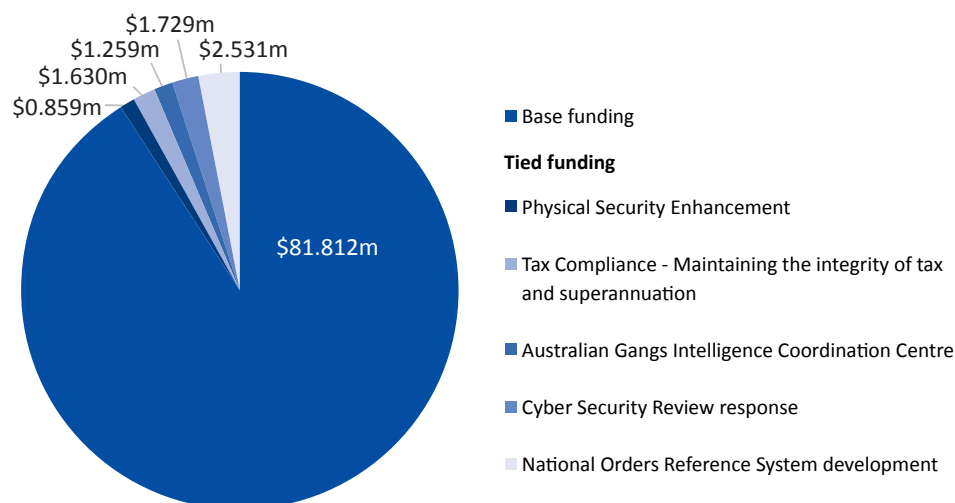
- significantly higher demand for National Policing systems and services
- recognition of revenue relating to the value of fit out at the ACIC’s headquarters’ received free of charge from previous government tenants
- lower staffing numbers and delays in ICT projects leading to lower than anticipated supplier and contractor costs.

APPROPRIATION FOR 2016–17

The ACIC's total appropriation for 2016–17 was \$94.663 million, which included \$89.820 million operating budget, \$2.666 million departmental capital budget and \$2.177 million equity injection.

A breakdown of operating appropriation for 2016–17 is provided in the following chart.

Operating appropriation 2016–17

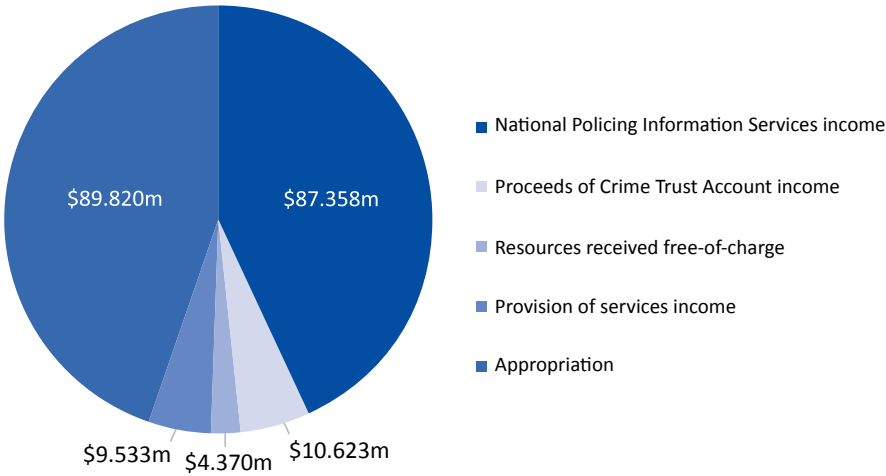


The tied funding included:

- \$0.859 million to generate intelligence targeting unexplained wealth for the Australian Taxation Office
- \$1.630 million funding for the Australian Gangs Intelligence Coordination Centre
- \$1.259 million to enhance its physical security to all office buildings and its personnel security capabilities, in response to the current heightened security threat
- \$1.729 million to develop and enhance the ACIC's cyber crime intelligence and analysis capability in response to the recommendations by 2016 Cyber security Review
- \$2.531 million to work on the development of National Order Reference System to facilitate information sharing and enforcement of domestic violence orders between courts and police across Australia.

Revenue for 2016–17 included an \$89.820 million appropriation for operating budget (which includes the tied funding listed above) and \$111.884 million in own source income. Own source income includes \$87.358 million as a result of provision of National Policing Information Services, \$10.623 million received from the Proceeds of Crime Trust Account, \$9.533 million from provision of services and \$4.370 million in resources received free of charge.

Own source income 2016-17



Internal control framework

The ACIC’s internal controls that ensured compliance with our financial management responsibilities include:

- senior management involvement in budget development, allocation and monitoring
- internal and external reporting, including financial information to the ACIC Board on the overall agency position and monthly reporting to the Department of Finance
- full engagement with the ACIC 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 ACIC’s Internal Audit Team
- face to face financial delegation training to all financial delegates
- 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 2016–17

	Actual available appropriations for 2016–17 \$'000 (a)	Payments made 2016–17 \$'000 (b)	Balance remaining \$'000 (a–b)
Departmental			
Annual Appropriations – ordinary annual services			
Prior year appropriation available	31,766	31,766	-
Departmental appropriation (including Departmental Capital Budget)	92,486	49,209	43,277
S.74 Relevant agency receipts ¹	28,028	22,872	5,156
Total ordinary annual services	152,280	103,847	48,433
Annual Appropriation – other services – non-operating			
Prior year appropriation available	1,918	1,918	-
Equity injections	2,177	1,842	335
Total other services	4,095	3,760	335
Total annual appropriations	156,375	107,607	48,768
National Policing Information and Services Special Account			
Opening Balance	123,583		
Appropriation receipts	2,531		
Non-appropriation receipts	90,953		
Payments made		99,454	
Total Special Account	217,067	99,454	117,613
Less: departmental appropriations drawn from annual appropriations and credited to special accounts	(2,531)	(2,531)	-
Total resourcing and payments	370,911	204,530	166,381

1. The S.74 Relevant agency receipts and the payments from departmental appropriation are adjusted for GST.

Expenditure and staffing by outcome

Outcome 1: 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 police and law enforcement to essential criminal intelligence, policing knowledge and information through collaborative national information systems and services.

	Budget	Actual	
	2016–17	2016–17	Variation
	\$'000	\$'000	\$'000

Outcome 1:¹

Departmental expenses

Departmental appropriation (Act 1)	109,200	101,737	7,463
Special Accounts			
National Policing Information Systems and Services Special Account	81,636	77,547	4,089
Expenses not requiring appropriation in the budget year	10,616	11,438	(822)
Total Departmental expenses	201,452	190,722	(10,730)
Total expenses for Outcome 1	201,452	190,722	(10,730)

	Budget	Actual
	2016–17	2016–17
Average staffing level (number)	817	724

1. On establishment on 1 July 2016 the ACIC was structured to meet two outcomes which were merged into a single outcome and single program during the year. The 2016–17 Budget reflects the budget of the ACIC which was published in the Portfolio Budget Statements as the Australian Crime Commission and the CrimTrac Agency.

ASSET MANAGEMENT

During 2016–17 we engaged the Australian Valuation Service Office (AVSO) to undertake a desktop assessment to determine whether asset book values had materially changed since the revaluation of leasehold improvements and property, plant and equipment last financial year. It is ACIC policy to undertake a full revaluation every three years and a desktop assessment each year in between.

Our asset mix at the end of 2016–17 comprised:

- \$24.904 million—leasehold improvements
- \$18.463 million—property, plant and equipment (includes assets under construction)
- \$26.041 million—intangibles (includes assets under construction).

PROPERTY

We have ACIC offices in each capital city to support delivery of our national service. The ACIC now has all offices under lease until at least 2022, with most due to expire from 2024 onwards.

This year the ACIC co-located staff from the former CrimTrac premises in Dickson, ACT, to the National Headquarters in Barton. This has resulted in improved floorspace utilisation as well as productivity savings associated with bringing all staff together in the one location close to Commonwealth partner agencies.

We have also:

- Sub-leased the Dickson premises to the ACT Government
- Negotiated a lease, fitted out and moved into new premises in Perth
- Negotiated a new lease for the South Australia State Office
- Exercised a lease option for the Victoria State Office
- Engaged with Victoria Police in the design of premises in their development at 311 Spencer St with the intention of moving the Victoria State Office in 2020 (subject to approval by the Minister for Finance).

We continue to monitor our property performance nationally with a view to 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 Government policy and legislation covering procurement. 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 2016–17 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 2016–17, the ACIC entered into 12 new consultancy contracts, involving total actual expenditure of \$0.433 million (inc. GST). In addition, ten ongoing consultancy contracts were active during 2016–17, which involved consultancy expenditure of \$0.074 million (inc. GST), taking the total consultancy expense to \$0.507 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 ACIC'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.

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 two contracts with a total value of \$0.300 million (inc. GST) on AusTender. These contracts were not published due to the ACIC's exemption under section 105D of the *Public Governance Performance and Accountability Act 2013*.

AUDITED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Minister for Justice

Opinion

In my opinion, the financial statements of the Australian Criminal Intelligence Commission for the year ended 30 June 2017:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Australian Criminal Intelligence Commission as at 30 June 2017 and its financial performance and cash flows for the year then ended.

The financial statements of the Australian Criminal Intelligence Commission, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- 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, comprising a summary of significant accounting policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Australian Criminal Intelligence Commission in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Australian Criminal Intelligence Commission the Chief Executive Officer 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 – Reduced Disclosure Requirements and the rules made under that Act. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Australian Criminal Intelligence Commission's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when

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it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office

Lesa Craswell
Acting Executive Director

Delegate of the Auditor-General

Canberra
20 September 2017

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2017 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 will be able to pay its debts as and when they fall due.

Signed.....
Nicole Rose PSM
Acting Chief Executive Officer

19 September 2017

Signed.....
Yvette Whittaker
Chief Financial Officer

19 September 2017

STATEMENT OF COMPREHENSIVE INCOME*for the period ended 30 June 2017*

			Budget	
		2017	2017	2016
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	86,778	97,724	88,096
Suppliers	1.1B	79,107	78,905	69,512
Depreciation and amortisation	2.2A	20,851	20,123	18,755
Finance costs - unwinding of discount	2.4	44	-	49
Write-down and impairment of property, plant and equipment	2.2A	274	-	1,296
Secondes provided by State, Territory and Other Commonwealth Agencies	1.1C	3,668	4,700	4,165
Total expenses		190,722	201,452	181,873
Own-Source Income				
Own-source revenue				
Rendering of services	1.2A	107,255	93,572	95,800
Other revenue	1.2B	4,625	6,994	1,499
Total own-source revenue		111,880	100,566	97,299
Gains				
Gains from sale of assets		4	-	-
Other gains		-	70	-
Total gains		4	70	-
Total own-source income		111,884	100,636	97,299
Net cost of services		(78,838)	(100,816)	(84,574)
Revenue from Government - Departmental Appropriations	1.2C	89,820	89,457	86,907
Surplus attributable to the Australian Government		10,982	(11,359)	2,333
OTHER COMPREHENSIVE INCOME/ (LOSS)				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves - provision for restoration obligations		(92)	-	(34)
Total other comprehensive (loss)		(92)	-	(34)
Total comprehensive income attributable to the Australian Government		10,890	(11,359)	2,299

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 2017*

			Budget	
		2017	2017	2016
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	2.1A	122,171	5,373	124,981
Trade and other receivables	2.1B	61,938	114,946	51,400
Total financial assets		184,109	120,319	176,381
Non-financial assets				
Leasehold improvements	2.2A	24,904	7,948	18,464
Property, plant and equipment	2.2A	18,463	30,304	19,676
Intangibles	2.2A	26,041	44,163	22,943
Prepayments		6,691	4,264	4,265
Total non-financial assets		76,099	86,679	65,348
Total assets		260,208	206,998	241,729
LIABILITIES				
Payables				
Suppliers	2.3A	20,436	12,538	18,125
Other payables	2.3B	20,390	5,093	19,928
Total payables		40,826	17,631	38,053
Interest Bearing Liabilities				
Leases		-	5,664	-
Total interest bearing liabilities		-	5,664	-
Provisions				
Employee provisions	4.1A	26,520	25,038	25,927
Other provisions	2.4	3,049	3,817	3,669
Total provisions		29,569	28,855	29,596
Total liabilities		70,395	52,150	67,649
Net assets		189,813	154,848	174,080
EQUITY				
Contributed equity		43,257	43,257	38,414
Reserves		11,715	11,561	11,807
Accumulated surplus		134,841	100,030	123,859
Total equity		189,813	154,848	174,080

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 2017

	Retained earnings		Asset revaluation surplus			Contributed equity/capital			Total equity	
	Budget		Budget			Budget			Budget	
	2017	2017	2016	2017	2016	2017	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance carried forward from previous period	123,859	111,389	121,526	11,807	11,561	11,841	38,914	33,091	174,080	161,864
Opening balance	123,859	111,389	121,526	11,807	11,561	11,841	38,914	33,091	174,080	161,864
Comprehensive income										
Surplus for the period	10,982	(11,359)	2,333	-	-	-	-	-	10,982	(11,359)
Other comprehensive income	-	-	-	(92)	-	(34)	-	-	(92)	(34)
Total comprehensive income	10,982	(11,359)	2,333	(92)	-	(34)	-	-	10,890	(11,359)
Transactions with owners										
Contributions by owners										
Equity injection - Appropriations ¹	-	-	-	-	-	-	2,177	2,650	2,177	1,677
Departmental capital budgets ¹	-	-	-	-	-	-	2,666	2,673	2,666	2,673
Total transactions with owners	-	-	-	-	-	-	4,843	5,323	4,843	5,323
Closing balance as at 30 June	134,841	100,030	123,859	11,715	11,561	11,807	43,257	38,414	189,813	154,848

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

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

1. Amounts appropriated which are designated as 'equity injections' and 'Departmental capital budgets' are recognised directly in transactions with owners in that year.

CASH FLOW STATEMENT*for the period ended 30 June 2017*

	2017	Budget	
	2017	2017	2016
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	83,053	92,053	91,599
Rendering of services	111,092	98,656	97,978
Other	-	5,644	
Net transfers from the Official Public Account	-	5,813	
Net GST received	6,929	-	-
Total cash received	201,074	202,166	189,577
Cash used			
Employees	86,741	97,681	87,155
Suppliers	88,083	82,279	77,773
Net GST paid	-	3,849	1,177
Section 74 receipts transferred to Official Public Account	5,156	-	4,428
Other	2,075	3,100	2,708
Total cash used	182,055	186,909	173,241
Net cash from operating activities	19,019	15,257	16,336
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment and intangibles	26,672	44,566	17,535
Total cash used	26,672	44,566	17,535
Net cash used by investing activities	(26,672)	(44,566)	(17,535)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	4,843	4,343	5,323
Net transfers from the Official Public Account	-	24,966	-
Total cash received	4,843	29,309	5,323
Net cash from financing activities	4,843	29,309	5,323
Net (decrease) increase in cash held	(2,810)	-	4,124
Cash and cash equivalents at the beginning of the reporting period	124,981	5,373	120,857
Cash and cash equivalents at the end of the reporting period	122,171	5,373	124,981

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

OBJECTIVES OF THE AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION

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 police and law enforcement to essential criminal intelligence, policing knowledge and information through collaborative national information systems and services.

The ACIC was established on 1 July 2016 as a result of the merge of the former CrimTrac with the Australian Crime Commission. All functions, assets, liabilities and commitments of the former CrimTrac were transferred into the ACIC from that date.

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 ACIC 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 2015 (FRR) for reporting periods ending on or after 1 July 2015; and
- b) Australian Accounting Standards and Interpretations—Reduced Disclosure Requirements issued by the Australian Accounting Standards Board 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.

TAXATION

The ACIC 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.

CONTINGENT ASSETS AND LIABILITIES

The ACIC did not have any quantifiable contingencies to report for the financial year ended 30 June 2017. However as at 30 June 2017, the ACIC had a number of legal matters pending that may eventuate in judgements that could require monetary payments being made to or from the ACIC. It was not possible to quantify the amounts of any eventual receipts or payments that may eventuate in relation to these claims.

EVENTS AFTER THE REPORTING PERIOD

On 18 July 2017 the Prime Minister announced the establishment of the Home Affairs Portfolio and enhance the Attorney-General's oversight of Australia's intelligence, security and law enforcement agencies. However, at the date of this report, the administrative arrangements to give effect to this decision have not been settled. The ACIC is therefore unable to reliably measure the financial outcome of the Government's decision and reflect these in the 30 June 2017 financial statements.

Note 1.1: Expenses

	2017	2016
	\$'000	\$'000

Note 1.1A: Employee Benefits

Wages and salaries	62,336	63,642
Superannuation		
Defined contribution plans	7,070	6,791
Defined benefit plans	5,662	6,330
Leave and other entitlements	10,462	10,732
Separation and redundancies	1,248	601
Total employee benefits	86,778	88,096

Accounting Policy

Accounting policies for employee related expenses: refer Note 4.1 employee provisions.

Note 1.1B: Suppliers**Goods and services**

IT support and maintenance	27,449	20,469
Consultants and contractors	9,481	8,120
Jurisdiction fees	8,129	7,230
Property and security expenses	4,750	4,185
Travel	4,489	4,111
Communication	3,112	3,339
Operational expenses	2,558	1,871
Staff development and training	2,476	1,933
Legal expenses	1,449	962
Office expenses	1,318	1,272
Other	681	828
Total goods and services	65,892	54,320

Other suppliers

Operating lease rentals	11,902	13,597
Workers compensation expenses	1,313	1,595
Total other suppliers	13,215	15,192
Total suppliers	79,107	69,512

Leasing commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	15,300	11,080
Between 1 to 5 years	60,624	37,437
More than 5 years	20,034	20,716
Total operating lease commitments¹	95,958	69,233

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 ACIC leases office accommodation, motor vehicles and other equipment under operating lease agreements.

Note 1.1C: Seconded by State, Territory and other Commonwealth Agencies

Paid services	2,075	2,708
Services provided free of charge	1,593	1,457
Total secondees provided by State, Territory and other Commonwealth Agencies	3,668	4,165

Note 1.2: Own-source Revenue

	2017	2016
	\$'000	\$'000

Own-Source Revenue**Note 1.2A: Rendering of Services**

Rendering of service	107,255	95,800
Total rendering of service	107,255	95,800

Accounting Policy**Rendering of Services**

Revenue from rendering of services is recognised by reference to the stage of completion of services at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to ACIC.

The stage of completion of services 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.

Note 1.2B: Other Revenue

Resources received free of charge - human resources	1,593	1,457
Resources received free of charge - leasehold improvements	2,777	-
Other	255	42
Total other revenue	4,625	1,499

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 or transferred assets would have been purchased if they had not been provided free of charge. Use of those resources is recognised as appropriate as an expense or as an asset when received.

Note 1.2C: Revenue from Government**Appropriations**

Departmental appropriations	89,820	86,907
Total revenue from Government	89,820	86,907

Accounting Policy**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 ACIC 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.

Note 2.1: Financial Assets

	Notes	2017 \$'000	2016 \$'000
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Note 2.1A: Cash and cash equivalents

Special account cash held in Official Public Account	2.5A	117,613	119,927
Cash at bank and on hand		4,558	5,054
Total Cash and cash equivalents		122,171	124,981

Note 2.1B: Trade and other receivables

Trade receivables		14,961	18,148
Appropriations receivable - existing programs		44,210	32,286
GST receivable		2,767	966
Total trade and other receivables		61,938	51,400

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 ACIC 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.

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

	Leasehold improvements	Property, plant and equipment	Computer software - internally developed	Computer software - purchased	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2016					
Gross book value	23,097	30,764	55,869	8,613	118,343
Accumulated depreciation, amortisation and impairment	(4,633)	(11,088)	(36,083)	(5,456)	(57,260)
Total as at 1 July 2016	18,464	19,676	19,786	3,157	61,083
Additions					
Purchase	10,420	6,283	12,357	390	29,450
Depreciation/amortisation	(4,049)	(7,108)	(7,625)	(2,069)	(20,851)
Transfers	69	(154)	373	(288)	-
Write-down and impairment of property, plant and equipment	-	(234)	(40)	-	(274)
Total as at 30 June 2017	24,904	18,463	24,851	1,190	69,408
Total as at 30 June 2017 represented by					
Gross book value	33,586	35,516	68,510	8,111	145,723
Accumulated depreciation, amortisation and impairment	(8,682)	(17,053)	(43,659)	(6,921)	(76,315)
Total as at 30 June 2017 represented by	24,904	18,463	24,851	1,190	69,408

There are no leasehold improvements, property, plant and equipment and intangibles expected to be sold or written-off of within the next 12 months.

The ACIC uses market approach and depreciated replacement costs fair value measurement techniques to measure the fair value of property, plant & equipment and uses depreciated replacement costs to measure the fair value of leasehold improvements.

Capital commitments

As at the 30 June 2017 the ACIC had capital commitments with respect to leasehold improvements for office accommodation and development of information technology solutions (including software and hardware).

Note 2.2: Non-Financial Assets (continued)

Accounting Policy

Asset Recognition

Property, plant and equipment costing greater than \$5,000, leasehold improvements costing greater than \$25,000, intangible assets purchased externally costing greater than \$5,000 and intangible assets purchased and modified or developed internally costing greater than \$20,000 are capitalised. Items costing less than these thresholds are expensed in the year of acquisition.

Leasehold Improvements

Leasehold improvements include office furniture and fit-out acquired as part of the 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 are made on a class basis. Any revaluation increment is 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 is previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are 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 life using 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:

	2017	2016
Leasehold improvements	Lease term	Lease term
Property, plant and equipment	3-10 years	3-10 years
Intangibles - Software purchased	3-5 years	3-5 years
Intangibles - Internally developed/configured	3-10 years	3-10 years

Intangibles

Intangibles assets comprise internally developed software and externally purchased software. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software licences with the renewable term ending beyond 30 June are treated as prepayments at the time of purchase and expensed over the term of the prepayment.

Impairment

All assets were assessed for impairment at 30 June 2017. 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 ACIC 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 ACIC'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 ACIC's leasehold improvements are purpose-built and some specialised property, plant and equipment may in fact realise more or less in the market.

Note 2.3: Payables

	2017	2016
	\$'000	\$'000

Note 2.3A: Suppliers

Trade creditors and accruals	18,443	15,936
Operating lease rentals	1,993	2,189
Total suppliers	20,436	18,125

Note 2.3B: Other Payables

Wages and salaries	541	278
Superannuation	98	50
Lease incentive ¹	14,580	14,668
Unearned income	4,726	4,268
Other	445	664
Total other payables	20,390	19,928

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

	2017	2016
	\$'000	\$'000

Provision for Onerous Lease Obligations

Onerous lease obligations	872	1,501
Total provision for onerous lease obligations	872	1,501

Provision for Restoration Obligations¹

Opening balance	2,168	2,085
Additional provisions made	160	60
Amounts not used	(126)	-
Amounts reversed	(69)	(26)
Unwinding of discount	44	49
Closing balance as at 30 June	2,177	2,168
Total Other Provisions	3,049	3,669

1. The ACIC currently has eight agreements (2016: nine 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 ACIC has made a provision to reflect the present value of this obligation.

Provisions for restoration obligation are expected to be settled in more than 12 months.

Note 2.5: Special Accounts

	Notes	2017 \$'000	2016 \$'000
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Note 2.5A: National Policing Information Systems and Services Special Account¹

Balance brought forward from previous period		123,583	120,117
Total increases		93,484	82,541
Available for payments		217,067	202,658
Total decreases		(99,454)	(79,075)
Total balance carried to the next period		117,613	123,583
Balance represented by:			
Cash held in entity bank accounts		-	3,656
Cash held in the Official Public Account		117,613	119,927
Total balance carried to the next period	2.1A	117,613	123,583

1. Legal authority: *Public Governance, Performance and Accountability Act 2013* section 78.

The continued existence of the National Policing Information Systems and Services Special Account (NPISS Special Account) established by the *Financial Management and Accountability Determination 2006/07 — National Policing Information Systems and Services Special Account Establishment 2006* is provided for by Section 59C of the *Australian Crime Commission Amendment (National Policing Information) Act 2016* ("the Act")

The purpose of the NPISS Special Account is defined by Section 59E of the Act and are:

- (a) paying for scoping, developing, procuring, implementing and operating information technology systems and services in connection with the national policing information functions;
- (b) paying or discharging the costs, expenses and other obligations incurred by the Commonwealth in the performance of the national policing information functions;
- (c) paying any remuneration and allowances payable to any person under this Act in relation to the national policing information functions;
- (d) meeting the expenses of administering the Account;
- (e) repaying to a State all or part of an amount received from the State in connection with the performance of national policing information functions, if it is not required for a purpose for which it was paid;
- (f) paying refunds of overpayments with respect to national policing information charges;
- (g) reducing the balance of the Account (and therefore the available appropriation for the Account) without making a real or notional payment.

Note 3.1: Appropriations

Note 3.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2017

	Annual Appropriation \$'000	Adjustments to appropriation ¹ \$'000	Total appropriation \$'000	Appropriation applied in 2017 (current and prior years) \$'000	Variance ² \$'000
Departmental					
Ordinary annual services	89,820	28,028	117,848	(98,554)	19,294
Capital Budgets	2,666	-	2,666	(2,666)	-
Other services					
Equity	2,177	-	2,177	(3,759)	(1,582)
Total departmental	94,663	28,028	122,691	(104,979)	17,712

1. This includes receipts under Section 74 of the *Public Governance, Performance and Accountability Act 2013*.

2. The variance of \$19,294m in cash terms resulted from the one off transfer of cash from the special account (\$15,022m) with respect to the liabilities of the CrimTrac Agency as at 30 June 2016, combined with an operational surplus in the current year attributable to the appropriation source. All liabilities as at 30 June are payable from the unspent appropriation.

Annual Appropriations for 2016

	Annual Appropriation \$'000	Adjustments to appropriation ¹ \$'000	Total appropriation \$'000	Appropriation applied in 2016 (current and prior years) \$'000	Variance \$'000
Departmental					
Ordinary annual services	86,907	23,606	110,513	(111,787)	(1,274)
Capital Budgets	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. This includes receipts under Section 74 of the *Public Governance, Performance and Accountability Act 2013*.

Note 3.1: Appropriations (continued)**Note 3.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')**

	2017	2016
	\$'000	\$'000
Departmental		
Appropriation Act (No.1) 2016-17	43,875	-
Appropriation Act (No.2) - 2016-17 Equity Injection	335	-
Appropriation Act (No.1) 2015-16	-	30,368
Appropriation Act (No.2) - 2015-16 Equity Injection	-	1,918
Cash at bank and on hand	4,558	1,398
Total departmental	48,768	33,684

1. The Appropriation Act (No.1) balance for 2016-17 represents unused appropriation for the year.

2. The Appropriation Act (No.2) equity injection balance for 2016-17 represents unused appropriation re-phased to future years.

Note 4.1: Employee Provisions

	2017	2016
	\$'000	\$'000

Note 4.1A: Employee Provisions

Employee leave	25,964	25,927
Separations and redundancies	556	-
Total employee provisions	26,520	25,927

Accounting Policy

Liabilities for 'short-term employee benefits' and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. 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 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 ACIC 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.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The ACIC 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 termination.

Superannuation

The ACIC staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap) or other superannuation funds held outside the Australian Government. A small number of staff are members of employee nominated superannuation funds, as allowed under the ACIC's enterprise agreement. The PSSap and other employee nominated superannuation funds are defined contribution schemes. The CSS and PSS are defined benefit schemes for the Australian Government. The liabilities for defined benefit schemes are recognised in the financial statements of the Australian Government and are settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes. The ACIC makes employer contributions to the employees' defined benefit superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government. The ACIC accounts for the contributions as if they were contributions to defined contribution plans. The liability for superannuation recognised as at 30 June 2017 represents outstanding contributions for the final fortnight of the year.

Note 4.2: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The ACIC has determined the key management personnel positions to be the Chief Executive Officer, the Deputy Chief Executive and the three Executive Directors. Key management personnel remuneration is reported in the table below:

	2017	2016
	\$	\$
Note 4.2: Key Management Personnel Remuneration		
Short-term employee benefits	1,333,585	1,820,600
Post-employment benefits	243,921	369,745
Other long-term employee benefits	142,608	190,488
Total key management personnel remuneration expenses¹	1,720,114	2,380,833
Total number of key management personnel^{1&2}	6	9

1. Includes officers substantively holding or acting for a period exceeding three months in a key management personnel position. The ACIC CEO is also the acting Director of the Australian Institute of Criminology (AIC). The full cost of the CEO is included above. The AIC makes a contribution towards the overheads of the ACIC, including executive oversight, which is included in "Rendering of Services" (Refer Note 1.2A).

The above key management personnel remuneration excludes the remuneration and other benefits of the Minister. The Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the ACIC.

2. The comparative includes the key management personnel of both the former Australian Crime Commission (6) and former CrimTrac (3).

Note 4.3: Related Party Disclosure

Related party relationships:

The ACIC is an Australian Government controlled entity. Related parties of the ACIC comprise the Ministers responsible for the ACIC, other Australian Government entities, the key management personnel of the ACIC, and parties related to the ACIC's key management personnel (including close family members and entities controlled by themselves, their close family members or jointly with close family members).

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions requiring disclosure.

Note 5.1 : Financial Instruments

	Notes	2017	2016
		\$'000	\$'000

Note 5.1A: Categories of Financial Instruments**Financial Assets****Loans and receivables**

Cash and cash equivalents	2.1A	122,171	124,981
Trade and other receivables	2.1B	14,961	18,148
Total financial assets		137,132	143,129

Financial Liabilities**Financial liabilities measured at amortised cost**

Trade creditors and accruals	2.3A	18,443	15,936
Total financial liabilities		18,443	15,936

Note 6: Explanations of Major Variances Between Budget and Actual

The following tables provide a comparison of the original budget as presented in the 2016–17 Portfolio Budget Statements (PBS) to the 2016–17 final outcome as presented in accordance with Australian Accounting Standards for the entity. The Budget is not audited.

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10%; and
- the variance between budget and actual is greater than 1% of the relevant category (Income, Expenses and Equity totals); or an item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of an entity.

Explanation for major variances	Affected line items (and statement)
Employees The average staffing level for 2016-17 was lower than budget mainly due to delays in recruitment. The delays were primarily caused by the need to conduct significant additional security checks as a result of the merge in 2016. This backlog has now been cleared.	<i>Employee benefits expense (Statement of Comprehensive Income)</i>
Own-source revenue Check volumes for the National Police Checking Services are demand driven and not controlled by the ACIC.	<i>Own source revenue (Statement of Comprehensive Income), Current year surplus (Statement of Comprehensive Income)</i>
Costs of secondees The ACIC had lower numbers of secondees received from states, territory police agencies and other Commonwealth Agencies.	<i>Secondees provided by state, territory and Other Commonwealth Agencies (Statement of Comprehensive Income), Other revenue (Statement of Comprehensive Income)</i>
Timing of supplier payments Several large supplier contract expenses were accrued as liabilities at 30 June 2017. The timing of supplier payments including licensing renewals, hardware maintenance arrangements and lease payments impacted on the balances of prepayments and other provisions compared to budget.	<i>Supplier payables (Statement of Financial Position), Prepayments (Statement of Financial Position), Other provisions (Statement of Financial Position)</i>

Explanation for major variances	Affected line items (and statement)
Change in accounting treatment Special account balances are now required to be reported as cash and cash equivalents. This balance was budgeted for under trade and other receivables.	<i>Cash and cash equivalents (Statement of Financial Position), Trade and other receivables (Statement of Financial Position)</i>
Leasehold improvements Due to the timing of the 2016-17 budget process the opening balances for leasehold improvements were based on estimated closing positions as at 30 June 2016 rather than the audited closing balances. As a result the leasehold improvement received as a lease incentive in 2015-16 was not included in the opening balances. In addition, due to the the merge of the ACC and CrimTrac, and new leasing arrangements, further investments in leasehold improvements were made in excess of budget.	<i>Leasehold improvements (Statement of Financial Position), Other payables (Statement of Financial Position)</i>
Property plant and equipment and intangibles Due to the timing of the 2016-17 budget process the opening balances for property, plant and equipment and intangibles were based on estimated closing positions as at 30 June 2016 rather than the audited closing balances. In addition, significant capital expenditure planned for 2015-16 and 2016-17 were delayed, resulting in lower balances as at 30 June 2017.	<i>Property, plant and equipment (Statement of Financial Position), Intangibles (Statement of Financial Position)</i>

The background of the page is a dark blue field filled with a complex, glowing network of white lines and dots, resembling a digital or neural network. A dashed white rectangular box is positioned in the upper right quadrant, enclosing the main text. A small white circle is located at the top left corner of this dashed box.

WE **CONNECT, DISCOVER,**
UNDERSTAND TO IMPROVE THE
NATIONAL ABILITY TO **RESPOND**
TO CRIME AND JUSTICE ISSUES
IMPACTING AUSTRALIA.

SECTION 05

APPENDICES

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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	PAGE
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	iv
Aids to access	Table of contents.	Mandatory	vi
	Alphabetical index.	Mandatory	266
	Glossary, abbreviations and acronyms.	Mandatory	259
	List of requirements.	Mandatory	238
	Details of contact officer.	Mandatory	v
	Entity's website address.	Mandatory	v
	Electronic address of report.	Mandatory	v
Review by the accountable authority	A review by the accountable authority of the entity.	Mandatory	21–25
Overview of entity	A description of the role and functions of the entity.	Mandatory	14
	A description of the organisational structure of the entity.	Mandatory	16
	A description of the outcomes and programs administered by the entity.	Mandatory	28
	A description of the purposes of the entity as included in the corporate plan.	Mandatory	30
	An outline of the structure of the portfolio of the entity.	Portfolio departments—Mandatory	N/A
	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	28–29

PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
Report on performance	<i>Annual performance statements</i>		
	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the PGPA Rule.	Mandatory	34–61
	<i>Report on financial performance</i>		
	A discussion and analysis of the entity's financial performance.	Mandatory	206
	A table summarising the total resources and total payments of the entity.	Mandatory	209
	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	206
Management and accountability	<i>Corporate governance</i>		
	Information on compliance with section 10 (fraud systems).	Mandatory	iv and 175–78
	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	iv
	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	iv
	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	iv
	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	163–69

PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
Management and accountability	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	N/A
	<i>External scrutiny</i>		
	Information on significant developments in external scrutiny and entity's response to the scrutiny.	Mandatory	179–88
	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	186–88
	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	186–87
	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	N/A
	<i>Management of human resources</i>		
	Assessment of the entity's effectiveness in managing and developing human resources to achieve entity objectives.	Mandatory	198–203
	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, and ▪ statistics on employees who identify as Indigenous. 	Mandatory	189–98, 254–58
	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	196

PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
Management and accountability	Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c).	Mandatory	196
	The salary ranges available for APS employees by classification level.	Mandatory	197
	A description of non-salary benefits provided to employees.	Mandatory	197
	Information on the number of employees at each classification level who receive performance pay.	If applicable, Mandatory	197
	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	197
	Information on aggregate amounts of performance payments.	If applicable, Mandatory	197
Assets management	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	Mandatory	210–11
Purchasing	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	211
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	212
	A statement that ' <i>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]</i> '.	Mandatory	212
	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were engaged.	Mandatory	212

PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
Consultants	A statement that <i>'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'</i> .	Mandatory	212
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	212
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	212
Small business	A statement that <i>'[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'</i> .	Mandatory	212
	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	212
	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that <i>'[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'</i> .	If applicable, Mandatory	N/A
Financial statements	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	213–35

PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
Other mandatory information	If the entity conducted advertising campaigns, a statement that <i>'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'</i> .	If applicable, Mandatory	N/A
	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	253
	A statement that <i>'Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity's website]'</i> .	If applicable, Mandatory	N/A
	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	196
	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	252
	Correction of material errors in previous annual report.	If applicable, Mandatory	244
	Information required by other legislation.	Mandatory	N/A

APPENDIX B: CORRECTIONS

The CrimTrac Annual Report 2015–16 incorrectly reported:

- 1,849,497 searches in the National Names Index—the correct number was 1,688,727 searches
- more than 2.1 million searches in National Automated Fingerprint Identification System—this was due to a calculation error and the correct number was more than 1.2 million searches.

APPENDIX C: WORK HEALTH AND SAFETY

WORK HEALTH AND SAFETY PRIORITIES FOR 2016–17

This year we:

- strengthened our risk management arrangements with a focus on operational environments and engaging with stakeholders within those environments
- strengthened our existing work health and safety systems to ensure effective and innovative work health and safety support for the ACIC
- 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 ACIC 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.

HEALTH AND WELLBEING PROGRAM

Our Health and Wellbeing Program continues to evolve with staff input, reviews of better practice and new initiatives. The annual program is moving into its ninth 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 health and wellbeing 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
- conducted a refresh of the Health Officer roles agency wide
- coordinated a number of awareness sessions on work health and safety topics including mental health in the workplace, positive work relationships and resilience.

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 ACIC employees at all times
- zero blood alcohol concentration for ACIC employees working in high risk areas and less than 0.05 blood alcohol concentration for all other ACIC employees while at an ACIC workplace or on official ACIC duty.

In 2016–17, we completed 269 targeted and random, unannounced workplace drug and alcohol tests. There was one confirmed positive test result during 2016–17.

The matter was reviewed and appropriate management action was taken.

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 2017–18 was set at 0.74 per cent, a significant decrease from the previous year. This can be attributed to our agency's focus on early intervention and employees with psychological conditions.

There was one accepted workers compensation claim for injuries/disease during 2016–17, 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
2016–17	1

INCIDENT AND INJURY

There were 37 injuries, incidents or hazards reported in 2016–17 (this does not include notifiable incidents). There was an increase of 12 incidents this year, with body stressing being the most common incident mechanism.

MECHANISM OF INJURY 2016–17

MECHANISM OF INJURY	NUMBER
Being hit by moving object	0
Biological/chemical factors	3
Body stressing	13
Mental stress	2
Falls, trips, slips	10
Other and unspecified	5
Heat and electrical	1
Hazard report	3
Total	37

In 2016–17, 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 were seven notifiable incidents during 2016–17. We reviewed each incident and implemented corrective actions where possible to reduce the likelihood of similar incidents occurring in the future.

WORK HEALTH AND SAFETY INVESTIGATIONS

The ACIC's regulator, Comcare, undertook an investigation following a notifiable incident during 2016–17. We implemented controls where possible and worked closely with Comcare to ensure the risk of a similar incident occurring in the future was low.

APPENDIX D: FREEDOM OF INFORMATION REPORT

During 2016–17, the ACIC received 42 requests for information under the *Freedom of Information Act 1982* (FOI Act).

STATEMENT

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 information is correct as at 30 June 2017.

ESTABLISHMENT

The ACIC is established under the *Australian Crime Commission Act 2002* (Cth) (ACC Act). The agency was formerly known as the Australian Crime Commission, and is still known by that name for legal purposes.

ORGANISATION

As at 30 June 2017, the ACIC 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 ACIC consists of: a) the CEO b) the Examiners c) the members of the staff of the ACIC.

FUNCTIONS

The ACIC's functions are listed under section 7A of the ACC Act. As at 30 June 2017, 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 ACIC), 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 ACIC
 - ii. to conduct and participate in integrity operations in relation to members of staff of the ACIC
 - 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
- (fa) to provide systems and services relating to national policing information, including the following:
 - i. collecting, correlating and organising national policing information;
 - ii. providing access to national policing information
 - iii. supporting and facilitating the exchange of national policing information
 - iv. providing nationally coordinated criminal history checks on payment of a charge imposed by the Charges Act
- g) such other functions as are conferred on the ACIC by their provisions of the ACC Act or by any other Act.

DECISION-MAKING POWERS AND POWERS AFFECTING MEMBERS OF THE PUBLIC

The ACIC has powers which may affect members of the public. The ACIC has, in certain circumstances, the power to:

- a) require information from certain Commonwealth and state and territory 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 an Examiner to give evidence
- f) require a person to produce documents or other things
- g) apply for a court order requiring a witness to deliver his/her passport to the ACIC
- h) apply for a warrant for the arrest of a witness considered likely to leave Australia or otherwise likely to avoid appearing before an Examiner to give evidence
- 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.

EXTERNAL CONSULTATION

The ACIC Board exists independently of the ACIC. 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 ACIC on the ACIC's performance.

The Inter-Governmental Committee on the ACIC monitors generally the work of the ACIC and the ACIC Board and oversees the strategic direction of the ACIC and the ACIC Board. The Inter-Governmental Committee on the ACC¹⁸ 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 ACIC. Although not specifically provided for in the ACC Act, the ACIC consults with the Ministerial Council for Police and Emergency Management—Police, and the Heads of Commonwealth Operational Law Enforcement Agencies.

18. Amendments to the ACC Act are required to formally change the committee's name to IGC-ACIC.

CATEGORIES OF DOCUMENTS

The following documents are available from www.comlaw.gov.au

- *Australian Crime Commission Act 2002*
- *Australian Crime Commission Regulations 2002.*

In addition, a number of documents including annual reports, corporate and strategic plans, research and intelligence reports, are available on our website.

ACCESS TO DOCUMENTS

All applications for access to documents in the possession of the ACIC are handled in our Canberra office. The ACIC 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 2016–17 the ACIC did not conduct any advertising campaigns or make any payments for polling, direct mail or campaign advertising.

The ACIC did not make any payments related to non-campaign advertising that were higher than the reporting threshold of \$13,000.

A total of \$26,455 (including GST) was paid to Andrews Group Pty Ltd to undertake a stakeholder-related survey and strategy.

A total of \$25,300 (including GST) was paid to Essence Communications Pty Ltd to undertake a community survey.

APPENDIX F: EMPLOYEE STATISTICS

The Australian Criminal Intelligence Commission (ACIC) began operating on 1 July 2016. Our new agency was formed through the merge of the Australian Crime Commission and CrimTrac.

As this is the first year of reporting employee statistics for our new merged agency, there is no comparative trend information from past years.

Secondees and task force staff by home agency and jurisdiction as at 30 June 2017

AGENCY	SECONDEES FUNDED BY ACIC	SECONDEES FUNDED BY JURISDICTION	TASK FORCE STAFF FUNDED BY JURISDICTION
Australian Federal Police	1	1	21
Australian Taxation Office	1	2	1
Clean Energy Regulator	-	1	-
Department of Corrections (Victoria)	-	-	1
Department of Foreign Affairs and Trade	-	1	-
Queensland Corrective Services	-	-	1
Department of Human Services	1	1	-
Department of Immigration and Border Protection	1	-	23
NSW Police Force	1	-	9
Northern Territory Police	1	-	-
Queensland Police Service	-	2	5
South Australia Police	-	1	12
Tasmania Police	1	1	1
Victoria Police	5	-	20
Western Australia Police	2	-	6
Total	14	10	100

APS staff employment capacity by location as at 30 June 2017

LOCATION	FULL-TIME	PART-TIME	CASUAL
Sydney	117	21	-
Canberra	378	42	-
Melbourne	88	12	-
Brisbane	74	9	1
Adelaide	24	9	-
Perth	24	3	-
Darwin	1	1	-
Hobart	1	-	-
Dubai	1	-	-
Ottawa	1	-	-
Washington	3	-	-
Total	712	97	1

APS staff by classification as at 30 June 2017

CLASSIFICATION	TOTALS
APS 1	2
APS 2	1
APS 3	43
APS 4	113
APS 5	122
APS 6	131
EL 1	294
EL 2	88
SES Band 1	12
SES Band 2	2
CEO	1
Examiner	1
Total	810

Note: These figures represent positions that were substantively filled as at 30 June 2017.

APS staff by classification and location as at 30 June 2017

CLASSIFICATION	SYDNEY	CANBERRA	MELBOURNE	BRISBANE	ADELAIDE	PERTH
APS 1	-	2	-	-	-	-
APS 2	-	-	-	-	1	-
APS 3	9	13	9	6	5	1
APS 4	22	66	10	14	-	1
APS 5	21	68	11	12	6	2
APS 6	14	88	12	6	5	4
EL 1	56	127	47	35	9	16
EL 2	14	43	11	10	7	3
SES Band 1	1	10	-	1	-	-
SES Band 2	-	2	-	-	-	-
CEO	-	1	-	-	-	-
Examiner	1	-	-	-	-	-
Total	138	420	100	84	33	27

CLASSIFICATION	DARWIN	HOBART	DUBAI	OTTAWA	WASHINGTON
APS 1	-	-	-	-	-
APS 2	-	-	-	-	-
APS 3	-	-	-	-	-
APS 4	-	-	-	-	-
APS 5	1	1	-	-	-
APS 6	-	-	1	-	1
EL 1	1	-	-	1	2
EL 2	-	-	-	-	-
SES Band 1	-	-	-	-	-
SES Band 2	-	-	-	-	-
CEO	-	-	-	-	-
Examiner	-	-	-	-	-
Total	2	1	1	1	3

APS staff gender distribution by classification as at 30 June 2017

CLASSIFICATION	WOMEN	MEN
APS 1	-	2
APS 2	1	-
APS 3	36	7
APS 4	76	37
APS 5	81	41
APS 6	80	51
EL 1	108	186
EL 2	26	62
SES Band 1	4	8
SES Band 2	-	2
CEO	-	1
Examiner	-	1
Total	412	398

Staff who identify as Indigenous as at 30 June 2017

ONGOING	NON-ONGOING
9	1

Ongoing and non-ongoing APS employees as at 30 June 2017

CATEGORY	ONGOING	NON-ONGOING
Classification level		
APS 1	2	-
APS 2	1	-
APS 3	31	12
APS 4	108	5
APS 5	113	9
APS 6	130	1
EL 1	285	9
EL 2	85	3
SES Band 1	12	-
SES Band 2	2	-
CEO	-	1
Examiner	-	1
Full-time/Part-time status		
Full-time	674	38
Part-time	95	3
Gender		
Male	377	21
Female	392	20
Location		
Sydney	129	9
Canberra	401	19
Melbourne	96	4
Brisbane	79	5
Adelaide	31	2
Perth	26	1
Darwin	1	1
Dubai	1	-
Hobart	1	-
Ottawa	1	-
Washington	3	-

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.

AVAILABILITY (OF SYSTEMS)

Our system availability reporting provides the percentage of time systems were available, exuding scheduled outages. We provide our systems nationally to multiple agencies. Many of our systems are integrated or routed via partner agency systems, meaning issues unrelated to our service can also affect availability. As a result, we derive national availability reporting from user notifications of outages across multiple jurisdictions.

BOILER ROOM FRAUD

Boiler room fraud refers to the unsolicited contacting of potential investors who are deliberately given fraudulent, false, misleading or deceptive information designed to entice them to buy, sell or retain securities or other investments.

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 ACIC 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.

DECONFLICTION (AND DECONFLICT)

Deconflation is a process that enables police and law enforcement to be aware of each other's activities against criminal targets, subjects or cases that are active across more than one jurisdiction or regional area.

Outcomes from deconflation can be:

- investigative efforts are not jeopardised
- investigative efforts are enhanced by new information being provided
- opportunities for joint efforts are identified.

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 ACIC to undertake an intelligence operation or an investigation, the ACIC Board can determine that the ACIC can use special powers. Before issuing a determination, the ACIC Board must consider whether normal intelligence collection methods or ordinary police methods of investigation have been or are likely to be effective.

DISRUPTION/DISRUPT CRIMINAL ACTIVITY

Disrupting criminal activity may include interrupting the flow or continuity of the criminal behaviour and/or enterprises of a criminal entity as a direct result of ACIC 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 ACIC and partner agency operational areas in addition to our *Illicit Drug Data Report*.

(ACIC) EXAMINATIONS

ACIC 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.

(ACIC) EXAMINERS

Examiners are independent statutory officers and experienced legal practitioners who may exercise the ACIC's special (coercive) powers for the purposes of an ACIC special investigation or special operation.

FEDERALLY RELEVANT CRIMINAL ACTIVITY

The ACIC 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 ACIC's interest in the state offence is incidental to ACIC operations/investigations relating to Commonwealth or territory offences.

FUSION (ACIC-LED NATIONAL CRIMINAL INTELLIGENCE FUSION CAPABILITY)

The multi-agency Fusion capability brings 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 ACIC partner agencies and use both qualitative and quantitative assessment methodologies.

INTELLIGENCE—STRATEGIC, OPERATIONAL AND TACTICAL

Strategic intelligence draws on the ACIC’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 ACIC 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.

MDA (3,4-METHYLENEDIOXYAMPHETAMINE)

MDA is an amphetamine-type stimulant. The use of this psychoactive drug predates use of the related substance MDMA, with MDA reported to have slightly more psychedelic effects.

MDMA (3,4-METHYLENEDIOXYMETHAMPHETAMINE)

MDMA is an amphetamine-type stimulant. This psychoactive drug is commonly known as ecstasy.

NATIONAL CRIMINAL INTELLIGENCE PRIORITIES

At the strategic level, the ACIC 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.

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*.

PROCEEDS OF CRIME (PoC)

The profits of criminal activity. Legislation provides for these proceeds to be controlled confiscated and potentially forfeited to the Commonwealth to discourage criminal activity and to prevent reinvestment in further criminal activity.

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 ACIC has coercive powers similar to those of a Royal Commission, which may be exercised only by ACIC Examiners for special intelligence operations or special investigations. The special powers allow the ACIC 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 ACIC focus on particular areas of criminality (for example, 'a special investigation is targeting money laundering').

ACRONYMS AND ABBREVIATIONS

ABF	Australian Border Force
ABIN	Australian Ballistics Information Network
ACC	Australian Crime Commission
ACC Act	<i>Australian Crime Commission Act 2002</i>
ACIC	Australian Criminal Intelligence Commission
ACID	Australian Criminal Intelligence Database
ACLEI	Australian Commission for Law Enforcement Integrity
ACORN	Australian Cybercrime Online Reporting Network
ACSC	Australian Cyber Security Centre
ACTC	Australian Counter-Terrorism Centre
ACTPol	Australian Capital Territory Policing
AFIN	Australian Firearms Information Network
AFP	Australian Federal Police
AGD	Attorney-General's Department
AGICC	Australian Gangs Intelligence Coordination Centre
AIC	Australian Institute of Criminology
ALEIN	Australian Law Enforcement Intelligence Network
ANZPAA	Australia New Zealand Policing Advisory Agency
APS	Australian Public Service
ASD	Australian Signals Directorate
ASIC	Australian Securities and Investments Commission
ASIO	Australian Security and Intelligence Organisation
ATO	Australian Taxation Office
ATS	Amphetamine-type stimulants
AUSTRAC	Australian Transaction Reports and Analysis Centre
CETS	Child Exploitation Tracking System
DFAT	Department of Foreign Affairs and Trade
DIBP	Department of Immigration and Border Protection
DVO	Domestic Violence Order
EL1 and EL2	Executive Level 1 and Executive Level 2
EOCT	Emerging Organised Crime Threats special operation
FATF	Financial Action Task Force
FOI	Freedom of information
HRCT	Highest Risk Criminal Targets (special investigation)
HRED	High Risk and Emerging Drugs (special operation)
ICT	Information and communication technology
IGC-ACC	Inter-Governmental Committee of the Australian Crime Commission

ISP	Internet service provider
JAG	Joint Analyst Group
JMG	Joint Management Group
KPI	Key Performance Indicator
LEISCC	Law Enforcement Information Services Capability Committee
MDMA	3,4-methylenedioxymethamphetamine
NAFIS	National Automated Fingerprint Identification System
NCICC	National Criminal Intelligence Capability Committee
NCIDD	National Criminal Investigation DNA Database
NCIPs	National Criminal Intelligence Priorities
NCOS	National Child Offender System
NFID	National Firearms Identification Database
NFLRS	National Firearms Licence and Registration System
NMPVS	National Missing Person and Victim System
NNI	National Names Index
NPCS	National Police Checking Service
NPRS	National Police Reference System
NSISOC	National Security Impacts from Serious and Organised Crime (special operation)
NSWPF	New South Wales Police Force
NTPol	Northern Territory Police
NTS	National Target System
NVOI	National Vehicles of Interest
OECD	Organisation for Economic Co-operation and Development
OMCG	Outlaw motor cycle Gang
ONA	Office of National Assessments
PBS	Portfolio Budget Statement
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PJC-LE	<i>Parliamentary Joint Committee on Law Enforcement</i>
PM&C	<i>Department of the Prime Minister and Cabinet</i>
QPS	<i>Queensland Police Service</i>
SAPol	<i>South Australia Police</i>
SES	Senior Executive Service
SOCCC	Serious and Organised Crime Coordination Committee
TasPol	Tasmania Police
TCC	Technology Capability Committee
TCW	Targeting Criminal Wealth (special investigation)
VicPol	Victoria Police
WAPol	Western Australia Police

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