AUSTRALIAN
CRIMINAL
INTELLIGENCE
COMMISSION

2017–18 ANNUAL REPORT

acic.gov.au

ACIC AT A GLANCE

OUR VISION

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

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 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.
- Develop and maintain national information and intelligence sharing services and systems.

OUR 2017–18 OUTCOME

Make Australia safer through improved national ability to discover, understand and respond to current and emerging crime threats, including the ability to connect police and law enforcement to essential criminal intelligence, policing knowledge and information through collaborative national information systems and services.

SUMMARY OF PERFORMANCE IN 2017–18

We measure our performance against criteria related to our ability to **Connect**, **Discover**, **Understand** and enable our partners to **Respond** to crime. This is a summary of our full scorecard of results and analysis of our performance in 2017–18, which is provided in *2: Annual performance statements*, from page 20.

	ACIC PERFORMANCE CRITERIA	RESULT	COMMENTS
DISCOVER	The picture of crime impacting Australia is improving because the ACIC is discovering crime threats, vulnerabilities, patterns, methods and trends previously unknown.	✓	**Met**—Our types of new discoveries continued at slightly higher levels than recent years, and remained focused on key crime themes.
UNDERSTAND	The understanding of the picture of crime impacting Australia is increasingly more comprehensive, integrated and relevant.	✓	**Met**—Our results were in line with previous levels of performance and demonstrated a good performance across priority crime types.
	The understanding of the picture of crime impacting Australia is increasingly used to guide strategies and responses to crime.	✓	**Met**—Our intelligence across a wide range of criminality informed and guided strategies at a similar level to previous years. This was supported by our stakeholder survey results.
RESPOND	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 crime to similar levels as previous years. This was supported by our stakeholder survey results.
	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 that track the impact of our intelligence produced by our investigations and intelligence operations, which enable partners to disrupt serious and organised crime, were largely in line with long-term trends, with a strong spike in drug seizures this reporting period.
	ACIC partners are better informed and enabled to undertake policing and community safeguarding activities through access to national information systems and services.	✓	**Met**—We informed and enabled our partners to protect the community, through delivery of our national information systems and services. This was supported by our positive stakeholder survey results.
CONNECT	Existing ACIC systems and services are accessible, used and reliable.	✓	**Partially met**—We continued to provide our services to a broad range of agencies with generally increasing levels of usage and a high level of availability. However, we failed to meet our Board-agreed availability benchmarks for three of our 16 systems and so only partially met this criterion.
	The delivery and implementation of new and enhanced ACIC systems and services satisfies the needs of stakeholders and users.	✓	**Partially met**—This year we achieved significant delivery of new and enhanced services and substantial progress toward the delivery of other new and enhanced services in accordance with our Corporate Plan. We also made changes to planned projects and will seek to improve the perceptions of our stakeholders by developing our project delivery capabilities and communication.
	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 reflected a similar level to previous years, with increasing volumes of information and new data sources shared.
	The ACIC builds, coordinates and maintains strong and collaborative relationships with domestic and international partners.	✓	**Partially met**—We demonstrated a broad range of collaborative activities and outputs. However, our stakeholder survey results indicate this needs further improvement, especially in our development of information systems and services.

ABOUT OUR REPORT

This report summarises our performance for the financial year ending 30 June 2018. As a statutory agency within the Home Affairs Portfolio, we manage our performance through the 'outcome and program' structure in annual Portfolio Budget Statements.

This report reviews our performance against the planned performance measures 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 pages 14–15. 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 2017–18 to 2020–21* and *Portfolio Budget Statement 2017–18* 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 pages 22–23.

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 produce additional reports 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 On 20 December 2017 responsibility for the administration of the *Australian Crime Commission Act 2002* (except section 27) was transferred to the Minister for Home Affairs pursuant to the Administrative Order which established the Department of Home Affairs.

LETTER OF TRANSMITTAL

11 October 2018
The Hon. Peter Dutton MP
Minister for Home Affairs
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 2018, prepared in accordance with the requirements of the *Public Governance, Performance and Accountability Act 2013*.

The report outlines the ACIC's performance for 2017–18 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 that the ACIC has undertaken all appropriate fraud control measures as set out in Part 2-2 of the Public Governance, Performance and Accountability Rule 2014.

Yours sincerely

Michael Phelan APM
Chief Executive Officer
Australian Criminal Intelligence Commission

2017–18 HIGHLIGHTS

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

- Produced **172** analytical products
- Discovered **98** previously unknown targets
- Added **8** and assessed more than **200** Australian Priority Organisation Targets
- Conducted **212** examinations
- Produced **188** intelligence products containing examination material
- Released flagship report on criminal targets
- Produced flagship report on illicit drug data
- Produced key reports on serious financial crime, cybercrime and wastewater drug data

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

2017–18 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

4 Australian Priority Organisation Targets were disrupted following partner law enforcement activity

22 criminal entities disrupted overall

More than **$3.5 billion** drugs seized (estimated street value)

191 people arrested on **471** charges

25 financial referrals of **103** entities to partners (including the Criminal Assets Confiscation Taskforce) with a **$92.91 million** value of offending

75% of stakeholders surveyed agreed our intelligence and information informs policy and legal responses to criminal activity threatening Australia

2017–18 HIGHLIGHTS

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

Provided **16** systems that help our partners prevent, detect and reduce crime in the community

Shared **2,162** information and intelligence products with more than **190** stakeholders

Delivered **6** new or enhanced systems that increased the capability of our partners to help keep Australia safer from crime

22,114 automated alerts on significant criminal targets

91% of all stakeholders surveyed found our information and intelligence services and systems of value

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

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ABOUT US

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

The Australian Criminal Intelligence Commission (ACIC) began operating on 1 July 2016. We work with our partners on investigations and to collect intelligence to combat serious and organised crime, cybercrime and national security threats. We are the conduit for sharing criminal information and intelligence between all state, territory and Commonwealth law enforcement agencies.

The ACIC transitioned from the Attorney-General's Portfolio into the Home Affairs Portfolio when it was established in December 2017. We are a statutory agency within the portfolio, with the Department of Home Affairs as the central policy department.

PURPOSE

Our purpose is to make Australia safer through improved national ability to **Discover**, **Understand** and **Respond** to current and emerging crime threats, 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 THE 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. While the AIC operates independently, its high quality research is important to our work.

APPROACH

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

- **CONNECT**—We are a conduit between the states and territories and Commonwealth for the sharing of criminal information and intelligence. We facilitate deconfliction and collaboration among partners and develop and maintain innovative national information and intelligence sharing services.
- **DISCOVER**—We generate and collect intelligence about new and emerging serious and organised crime, and integrate and analyse all available information to discover new crime threats.
- **UNDERSTAND**—Our role as the national criminal intelligence hub enables us to create a full and enriched national picture of crime. We develop strategic intelligence assessments and insights to inform national decision-making on crime.
- **RESPOND**
  - **Prevent**—Our information services inform and protect police, the community and potential victims of crime. We work with our partners to make it harder for criminals to operate by informing legislative change and preventative strategies.
  - **Disrupt and protect**—We provide critical intelligence contributions to partners that drive the disruption, disabling and dismantling of serious and organised criminal enterprises. We provide police with timely access to police information when they are investigating crime and safeguarding the community.

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

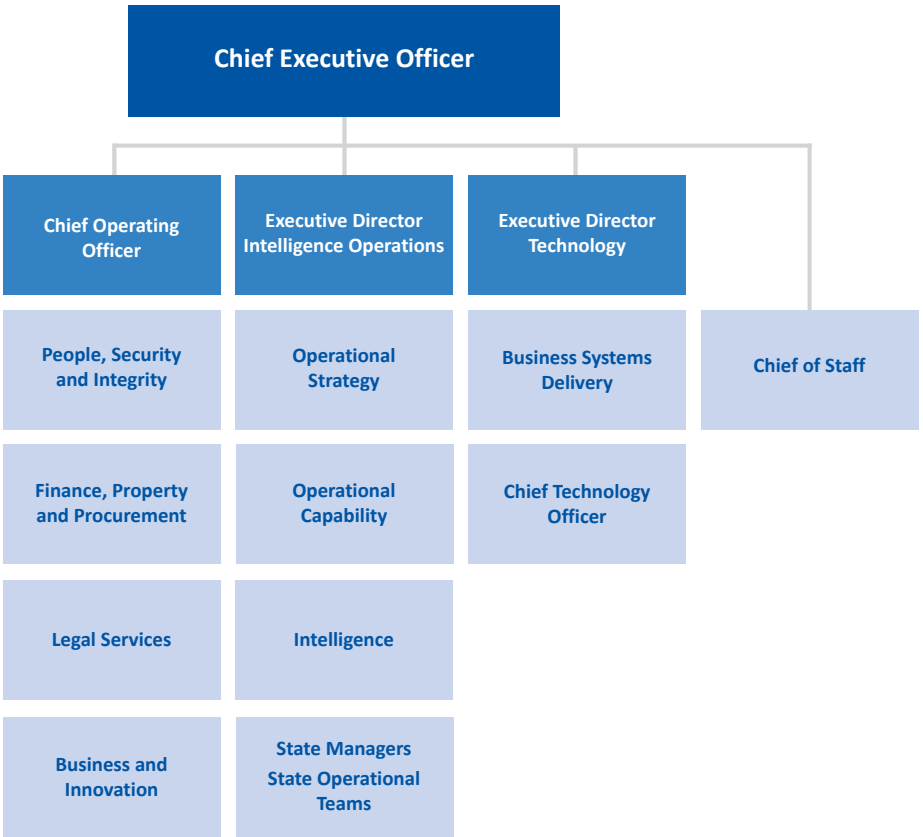
We are a Commonwealth statutory agency with roles and functions underpinned by supporting legislation in each state and territory.

On 30 June 2018, we had 791 staff,[2] supplemented by 31 secondees from Commonwealth, state and territory law enforcement, and other Commonwealth agencies.

We work from eight locations around the country. During 2017–18 our staff also worked from 15 international locations, including through 25 short-term and five long-term deployments.

Details of our structure and ACIC Executive are on pages 143–145.

ORGANISATIONAL STRUCTURE AS AT 30 JUNE 2018



2 This includes 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 those of 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**—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 framework and our Australian Priority Organisation Target list support 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. We are a conduit between the states and territories and Commonwealth for the sharing of criminal information and intelligence.
- **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:

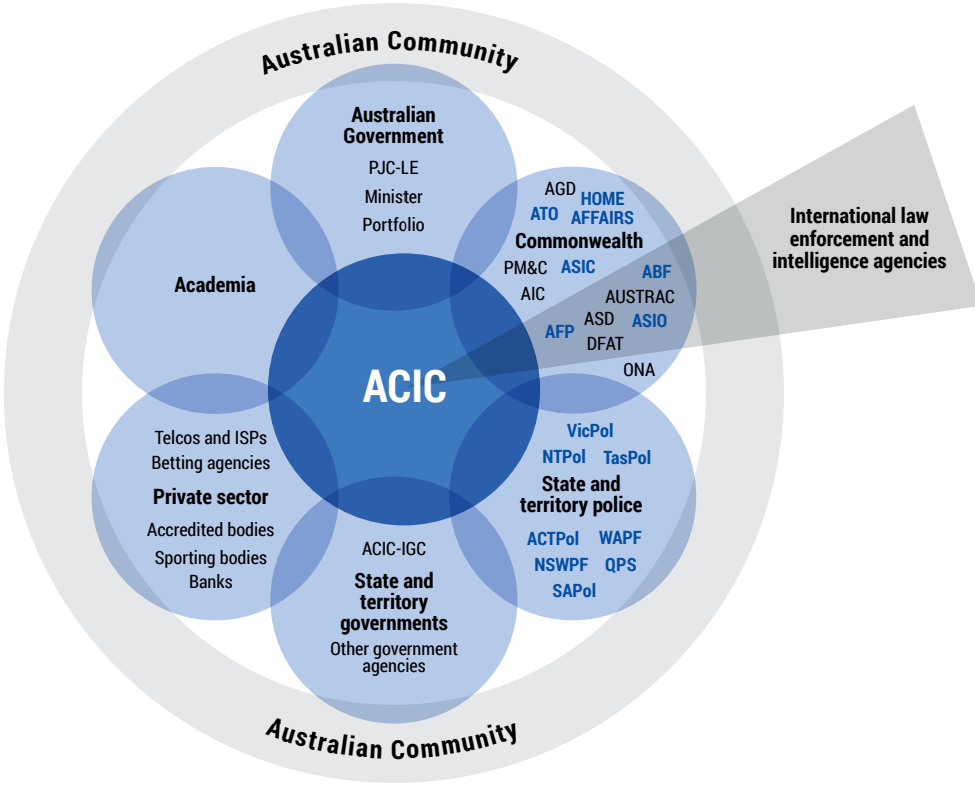
- **Australian Government**—National law enforcement and intelligence agencies, national security and border security agencies, national regulators, national service delivery agencies and national policy development agencies.
- **States and territories**—State and territory law enforcement and intelligence 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 critical to achieve 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 156.

ACIC STAKEHOLDERS



Blue: Board member agencies
See *Acronyms and abbreviations* on pages 246–247

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. More details about our Board are on pages 166–168.

CRIMINAL ENVIRONMENT: THE CHALLENGES

The ACIC operates in a complex environment. Understanding the dynamic and changing criminal environment is critical to determining how Australia responds. Our work is central to ensuring an informed, collaborative and connected national response to serious and organised crime impacting Australia. Details of our internal environment and stakeholders are on pages 2–6.

- **Big business**—It is estimated that serious and organised crime cost Australia between $23.8 billion and $47.4 billion during 2016-17. This included $31.5 billion in direct costs of serious and organised crime and $15.9 billion in prevention and response costs.[3] Globally, profits from transnational organised crime in 2009 were estimated at around US$870 billion, a figure that has undoubtedly grown since.[4]
- **Destructive, pervasive and complex**—Serious and organised crime is touching the lives of Australians in unprecedented ways. Criminal threats are more complex and pervasive than ever before. Criminals seek to exploit vulnerabilities, emerging technologies and perceived gaps in law enforcement. The impact on the lives of Australians is clear, 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.
- **Concealed**—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, to support and conceal their criminal enterprises.
- **Resilient**—Criminal groups are enduring and resilient, collaborating for mutual gain and quickly dispersing or shifting focus when disrupted.
- **Cyber-savvy**—Significant technology advances have offered new opportunities for serious and organised crime. 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.
- **National security threat**—With enhanced counter-terrorism efforts throughout Australia, the links between terrorism and broader organised crime and volume crime in Australia are unprecedented. This includes Australians who finance terrorist activities, leave Australia to support terrorist causes or return intending to harm the Australian community. It also includes Australians recruited by organised crime groups who are seeking the skills developed in foreign conflicts. We support our partners in identifying previously unknown individuals and groups including domestic terrorism threats from 'lone actors'.
- **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.

3 AIC 2018, *Estimating the costs of serious and organised crime in Australia 2016–17*, 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

MICHAEL PHELAN APM

I am pleased to present the 2017–18 annual report for the ACIC, outlining our agency's achievements and outcomes for the year.

YEAR OF CHANGE: A MORE INTEGRATED APPROACH FOR A SAFER AUSTRALIA

The ACIC's move into the Home Affairs Portfolio in December 2017, as one of five statutory agencies, recognised the strategic importance of integrated, joint agency activity to ensure a safer and more secure Australia. The ACIC's role within the National Intelligence Community as the national criminal intelligence agency will further enhance these opportunities. This is ever more important as globalisation, technological advances and new business models create not only benefits for society, but also new threats and opportunities for criminal exploitation.

The transition also gave us pause to reflect on our role and the particular strengths the ACIC brings to the broader portfolio. Our focus is clear: we will be a trusted partner of choice for criminal intelligence and provide national policing information and systems for law enforcement. This focus will help us most effectively use our unique capabilities to improve Australia's ability to connect, discover, understand and respond to crime impacting Australia.

CONNECT: NATIONAL INFORMATION AND INTELLIGENCE SHARING SERVICES

We are a conduit between the states, territories and Commonwealth for sharing criminal information and intelligence. Throughout the year we maintained 16 information and intelligence systems, used by more than 70,000 police and non-police users each day to help keep them and the community safe.

NATIONAL CRIMINAL INTELLIGENCE SYSTEM

In May 2018 we received funding towards a four-year program to build the first iteration of the National Criminal Intelligence System (NCIS). Based on our successful pilot program, the system will support frontline personnel, including analysts and investigators across state, territory and Commonwealth law enforcement agencies. NCIS will provide secure access to a national view of criminal intelligence and information, and support collation and sharing of criminal intelligence and information nationally.

COLLABORATION ACROSS THE PORTFOLIO AND MORE BROADLY

NCIS is just one example of how we are working collaboratively within the Home Affairs Portfolio and across government. Other examples include our involvement in the Australian Cyber Security Centre and support for the Commonwealth Transnational Serious and Organised Crime Coordinator.

TRANSNATIONAL SERIOUS AND ORGANISED CRIME

Transnational crime includes some of the most serious threats we face, such as cybercrime, illicit drugs and firearms, serious financial crime, exploitation of children, and human trafficking and slavery. Along with colleagues from across the Home Affairs Portfolio, we are supporting the new Commonwealth Transnational Serious and Organised Crime Coordinator, to help ensure national efforts to combat these crime types are underpinned by strong strategic unity and operational coordination.

CYBERCRIME

We permanently deploy cybercrime intelligence analysts to the Australian Cyber Security Centre, Australia's united front against illicit cyber activity. During the year we also supported the continued rollout of Joint Cyber Security Centres in various capital cities, which are attracting partner organisations from industry and government. We engaged with and supported these partners, providing research and tailored, actionable intelligence to help fight cybercrime.

In addition, we contributed to the Commonwealth Games Cyber Security Operations Centre in April 2018. We helped identify likely assailants in the lead-up to the Games, and analysed systems and infrastructure for vulnerabilities and malware during the event.

INTERNATIONAL FOCUS

The pervasive nature of transnational serious and organised crime means we work hand-in-glove with law enforcement partners across Australia, and increasingly, across the globe.

In 2017–18 we continued our international focus with five long-term and 25 short-term deployments. Our staff are building relationships, connecting us to a vast network and multitude of datasets. This is the kind of reach needed to combat the increasingly sophisticated business models and technologies used by the most dangerous criminal targets.

BIOMETRIC IDENTIFICATION SERVICES PROJECT

In June 2018 we took the difficult decision to close the Biometric Identification Services project. The benefits of continuing the project did not outweigh the costs and risks for our agency and partner agencies. The project was intended to upgrade the current fingerprint identification system and provide a new facial recognition platform.

We remain committed to delivering projects that enhance capability for our law enforcement partners and will review opportunities for closer collaboration across Australian Government intelligence agencies on biometric technologies.

DISCOVER AND UNDERSTAND: INTELLIGENCE AND INFORMATION TO COMBAT SERIOUS AND ORGANISED CRIME

Throughout the year we collected, analysed and generated intelligence that enabled and informed responses to crime impacting Australia.

AUSTRALIAN PRIORITY ORGANISATION TARGET LIST

Through our international deployments and collaborations we continued to assess the threat from the top tier international and transnational criminal targets on this classified list to better understand their impact on Australia. This helps guide how we and our partners respond, both domestically and internationally, to these threats.

COERCIVE POWERS

Our coercive powers give us a unique intelligence collection capability and allow us to inform and provide critical contributions to national strategies to combat serious and organised crime, cybercrime and national security threats. During the year we conducted 212 coercive examinations, discovering new information about crime relating to our special operations and special investigations.

STRATEGIC INTELLIGENCE

We delivered 2,162 intelligence products this year, including a range of unclassified reports, to enhance understanding of and responses to serious and organised crime.

For example, in August 2017 we released *Organised Crime in Australia 2017*. This report provides a contemporary picture of the extent and impact of organised crime as well as enablers such as money laundering, technology and professional facilitators.

In December 2017 we released the unclassified *Serious Financial Crime in Australia 2017* report. Financial crime is on the rise worldwide. Our report draws on the work of multiple partners to improve understanding about the nature, extent and impact of serious financial crime.

We released reports numbers 2, 3 and 4 in our *National Wastewater Drug Monitoring Program Report* series this year, with a total of nine to be released over three years. The fourth report in the series, published in March 2018, revealed an increase in consumption of methylamphetamine and cocaine across Australia. This program enables us to provide a detailed picture of national drug consumption through analysis of wastewater from approximately 50 sites around Australia.

NEW CRIMINAL INTELLIGENCE DOCTRINE

The reports we produce, like the information systems we deliver, rely on our criminal intelligence capability. In 2017–18 we worked with the Australian Federal Police to jointly produce the *Criminal Intelligence Doctrine*. It outlines the core elements of our criminal intelligence practice, assuring our partners that we will meet the highest standards of integrity and intelligence tradecraft, and helping to build the skills of our people.

RESPOND: STRONG OPERATIONAL OUTCOMES

Our work to connect, discover and understand improves the national ability to collectively respond to serious and organised crime threats. Results vary based on the nature of our operational work. Highlights of results achieved with our partners in 2017–18 include:

- The seizure of illicit drugs with a combined estimated street value of more than $3.5 billion. This included:
  - The seizure of more than 1.4 tonnes of cocaine from a yacht in the South Pacific in July 2017. We worked closely with French authorities who seized the drugs and arrested four crew members. The cocaine came from South America and was believed to be destined for Australia.
  - The largest methylamphetamine seizure in Australia's history. A complex, multi-agency investigation resulted in the seizure of 1.2 tonnes of methylamphetamine at Geraldton in Western Australia in December 2017. Eight people have been charged.

- The dismantling of a criminal enterprise operating encrypted communications in March 2018. We worked with partners across Australia, the United States and Canada on this operation to shut down Canadian-based company, Phantom Secure. The company is alleged to have been providing secure, encrypted communications to the organised crime market. More than 10,000 devices were sold in Australia, the company's largest customer base.
- The prosecution of international money launderer and drug trafficker, Shahbaz Khan, in the United States. In May 2018 Khan pleaded guilty to conspiring and attempting to import tens of thousands of kilograms of heroin into the United States. He faces a possible maximum sentence of life in prison. We worked with the United States Drug Enforcement Administration to investigate Khan's network and follow the money.

FUTURE FOCUS: COLLABORATE WITH AND WORK FOR OUR PARTNERS

As we look to the future, I would like to thank my predecessor, Chris Dawson APM, who successfully led the agency through the last few years of significant change to reach the point where we are today.

I have confidence in our ability to deliver on our commitments and priorities, and ensure our two key functions—criminal intelligence capability and national policing information systems—provide a seamless service and value to our partners.

The ACIC is now in a strong position to best support the efforts of our wide range of partners to achieve our vision of a safer Australia that is better connected, informed and capable of responding to crime.

Michael Phelan APM
Chief Executive Officer
Australian Criminal Intelligence Commission

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.

Our outcome and program structure is shown below, along with the relationship to our *Strategic Plan 2016–21* and *Corporate Plan 2017–18 to 2020–21*. Both plans and a link to our *Portfolio Budget Statement 2017–18* are at <www.acic.gov.au>.

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

PURPOSE, APPROACH, OUTCOME AND PROGRAM

STRATEGIC AND CORPORATE PLANS	PORTFOLIO BUDGET STATEMENT
Purpose 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.	**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.
Approach We connect, discover and understand to improve the national ability to respond to crime and criminal justice issues impacting Australia.	**Program 1.1 Australian Criminal Intelligence Commission** The ACIC will connect, discover and understand to improve the national ability to respond to crime and criminal justice issues affecting Australia.

APPROACH AND PERFORMANCE CRITERIA

STRATEGIC AND CORPORATE PLANS	PORTFOLIO BUDGET STATEMENT
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.	**Performance criteria** ▪ 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.
Discover We build the picture of crime impacting Australia by: ▪ collecting information ▪ combining information to discover new areas of national focus.	▪ The picture of crime impacting Australia is improving because the ACIC is discovering crime threats, vulnerabilities, patterns, methods and trends previously unknown.
Understand We improve our understanding of the picture of crime impacting Australia by undertaking analysis to guide a better response.	▪ 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.
Respond We improve the national ability to prevent and disrupt crime and protect the community.	▪ **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 2017–18

STRATEGIC INTELLIGENCE

We enhanced the national picture of serious and organised crime by producing strategic criminal intelligence assessments and advice on national crime 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.

We established intelligence hubs aligned to these investigations and operations, covering national security, high risk domestic and international targets, gangs, firearms, financial crime, drugs, emerging threats and cybercrime. In 2017–18 we worked on nine Board-approved special operations and special investigations, and associated task forces, addressing these priority areas:

- **Monitoring and assessment of high risk targets**—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 and Vestigo Task Force.
- **Financial crime**—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.
- **National security/terrorism**—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, and focusing on counter-terrorism in response to Islamist extremism and intelligence support for Australian border security.
- **Cybercrime**—Through our Cyber-Related Offending Special Operation we contributed to a broad range of intelligence packages to support national and international partners. Our Cybercrime Intelligence Hub this year co-located with partner agencies in the Australian Cyber Security Centre.

- **Illicit drugs**—We contributed to an increasingly holistic understanding of Australian illicit drug markets with intelligence developed under our High Risk and Emerging Drugs No. 3 Special Operation. We proactively contributed to the development of operational, legal and policy responses to these complex and evolving markets, including wastewater analysis.
- **Gangs**—We gathered and shared information and intelligence on the threats and vulnerabilities associated with, and contributed to the response to, the outlaw motorcycle gang threat, through the ACIC-hosted Australian Gangs Intelligence Coordination Centre, our Outlaw Motor Cycle Gangs Special Operation and National Task Force Morpheus.
- **Firearms**—We worked with partners to build a richer understanding of the illicit firearm environment through our Firearm Trafficking Special Operation. We did this through integrating our collective knowledge across investigations, intelligence, the National Firearm Trace Program, policy and information and communication (ICT) systems.
- **Emerging organised crime threats**—We helped make Australia a more hostile place for serious and organised crime through our Emerging Organised Crime Threats No. 2 Special Operation, which looks at crimes such as illegal bookmaking, as well as our Criminal Exploitation of Australia's Migration System Special Operation focusing on visa and migration fraud.

NATIONAL INFORMATION AND INTELLIGENCE SHARING SERVICES

- **Information systems and services**—We provided critical systems related to frontline services (regarding people, firearms, 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 undertook planning to consolidate our underlying network and systems and we improved functionality and reliability of firearm reference data. We are working towards developing a system to ensure negative notices from working with children checks are available nationally to relevant stakeholders.
- **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 continued to provide partners with access to NCIS interim solution. The government also approved funding towards the build of the first iteration of NCIS, based on our successful pilot.
- **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 implemented a new contractual agreement with accredited bodies entrusted with direct access to the National Police Checking Service and implemented an improved quality assurance and risk management process.

A SAFER AUSTRALIA THAT
IS BETTER **CONNECTED**,
INFORMED AND **CAPABLE** OF
RESPONDING TO CRIME.

SECTION 02
ANNUAL PERFORMANCE—HOW WE ACHIEVED OUR PURPOSE

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2.1 ANNUAL PERFORMANCE STATEMENTS

STATEMENT OF PREPARATION

I, as the accountable authority of the Australian Criminal Intelligence Commission (ACIC), present the 2017–18 annual performance statements of the ACIC, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act.

Michael Phelan APM
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 2017–18 to 2020–21* and is aligned with the ACIC Outcome 1 and Program 1.1 in the Portfolio Budget Statements (PBS) 2017–18.[5] The performance framework incorporates all our performance criteria and forms the basis for our performance reporting. Our Corporate Plan and PBS performance criteria align exactly.

5 <www.ag.gov.au/Publications/Budgets/Budget2017–18/Pages/Portfolio-Budget-Statements-2017–18.aspx>

CORPORATE PLAN APPROACH	PERFORMANCE CRITERIA	CRITERIA SOURCE
DISCOVER	**Discover 1:** The picture of crime impacting Australia is improving because the ACIC is discovering crime threats, vulnerabilities and trends previously unknown.	▪ Corporate Plan 2017–18 to 2020–21, page 20 ▪ PBS 2017–18, page 82
UNDERSTAND	**Understand 1:** The understanding of the national picture of Australian crime is increasingly more comprehensive, integrated and relevant.	▪ Corporate Plan 2017–18 to 2020–21, page 21 ▪ PBS 2017–18, page 82
	Understand 2: The understanding of the picture of crime impacting Australia is increasingly used to guide strategies and responses to crime.	▪ Corporate Plan 2017–18 to 2020–21, page 21 ▪ PBS 2017–18, page 82
RESPOND **Prevent**	**Respond 1:** The ACIC better informs and influences the hardening of the environment against crime.	▪ Corporate Plan 2017–18 to 2020–21, page 21 ▪ PBS 2017–18, page 82
Disrupt	**Respond 2:** The ACIC is conducting investigations and intelligence operations, and producing intelligence that is effective in disrupting, disabling and dismantling serious and organised crime.	▪ Corporate Plan 2017–18 to 2020–21, page 21 ▪ PBS 2017–18, page 82
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.	▪ Corporate Plan 2017–18 to 2020–21, page 21 ▪ PBS 2017–18, page 82
CONNECT	**Connect 1:** Existing ACIC systems and services are accessible, used and reliable.	▪ Corporate Plan 2017–18 to 2020–21, page 20 ▪ PBS 2017–18, page 82
	Connect 2: The delivery and implementation of new and enhanced ACIC systems and services satisfies the needs of stakeholders and users.	▪ Corporate Plan 2017–18 to 2020–21, page 20 ▪ PBS 2017–18, page 82
	Connect 3: The ACIC is sharing increasing volume, breadth and formats (mediums, platforms) of criminal intelligence and information, police information, and other relevant information.	▪ Corporate Plan 2017–18 to 2020–21, page 20 ▪ PBS 2017–18, page 82
	Connect 4: The ACIC builds, coordinates and maintains strong and collaborative relationships with domestic and international partners.	▪ Corporate Plan 2017–18 to 2020–21, page 20 ▪ PBS 2017–18, page 82

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 compared 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 criterion.

Although each measure individually does not provide a definitive indicator of overall performance against the criteria, taken together they provide relevant and reliable measurement of our performance. Our performance criteria reflect our activities to achieve our purpose and collectively provide a complete picture of our performance.

Performance results across the 10 performance criteria are provided in the following section. Analysis and an assessment of performance for each criterion is based on the overall results from the combination of relevant measures. For statistical results, we include up to five years of data, where available, to enable comparative assessment of performance. This year, to improve the presentation of our statistical results we are providing the average figure for the prior years in the performance statements, and providing the full five years in Appendix B. Where relevant, our analysis of results in each performance criterion also includes key environmental factors that have influenced our performance.

Further details of our performance are in the remaining sections of this chapter (see 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 we survey our stakeholders each year in relation to these performance criteria 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 a measure as possible, we designed our survey to ask relevant questions of stakeholders in the best position to form a view of a particular aspect of our performance.

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 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 outcomes, 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 systematic.

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.

AGENCY PERFORMANCE STATEMENTS

DISCOVER

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

PERFORMANCE CRITERION

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

RESULT

Overall this performance criterion has been **met**.

EXPLANATION

We measure our performance against this criterion 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.

DISCOVERY ACHIEVEMENTS

Our achievements include:

	Page
▪ Discovered one serving and one former Australian Border Force employee assisting a **syndicate bypassing border controls.** (**New South Wales Joint Organised Crime Group**)	82
▪ Discovered an international money launderer undertaking **trade-based money laundering** operating in Australia. (**Project Lockout2**)	89
▪ Discovered previously unknown Australian-based **criminal structures** with the capability to **collect and launder significant funds** from Australia to offshore destinations. (**Project Gritstone**)	87
▪ Discovered links between **serious and organised crime** and **counter-terrorism persons of interest**. (**Project Ridgeline**)	92
▪ Identified the probable real-world identity of a **cybercriminal** facilitating the cash-out of cybercrime in Australia and Canada. (**Project Longstrike**)	95
▪ Identified a syndicate using **malware** and provided a lead for partner investigations. (**Project Longstrike**)	95
▪ Discovered a new business email variant achieving greater profits for **cybercriminals**. (**Project Longstrike**)	96
▪ Identified the real life identity of an Australian-based **cybercriminal**, who was active in using malware to target Australia. (**Project Longstrike**)	95
▪ Identified a link between multiple **cybercrime campaigns** affecting Australia and gained insight into the financial side of their operations. (**Project Moontide**)	95
▪ Identified **threats to the border**, and the identities of people organising drug shipments to Australia. (**Project Baystone**)	99
▪ Identified the potential threat of the **illicit carfentanil and fentanyl pharmaceutical opioid markets** to Australia. (**Project Andronicus**)	61, 99
▪ Identified **novel illicit drug** manufacturing techniques and chemicals used to defeat existing controls. (**Project Alberta**)	99

DISCOVER (CONTINUED)

▪ Helped the National Taskforce Morpheus and the AFP-led National Anti-Gangs Squad (NAGS) identify **previously unknown outlaw motorcycle gang (OMCG) members** and associates. (**Project Legion**)	104
▪ Discovered **suspected criminal offending by OMCG members** and potential risks to public and private sector organisations.	104
▪ Identified previously unknown targets involved in **drug and firearm trafficking** and illegal firearm conversions.	108
▪ Identified individuals with **child sex offences**, associated with family day care. (**Project Narrow**)	111
▪ Identified links to serious and organised crime entities involved in large-scale **illicit tobacco importations**, and associated **money laundering** activities in multiple Australian states. (**Project Narrow** and **Project Venti**)	111
▪ Identified **illegal labour hire syndicates** facilitating breaches of migration law. (**Project Jacto**)	114
▪ Identified the capabilities used by an **offshore hacking group** harvesting **Australian citizen biographical data** (bio-data) in order to compromise accounts and identities. (**Project Narrow-Perdita**)	115

DISCOVERY OF NEW CRIMINAL TARGETS

- The Australian Priority Organisation Target (APOT) list is an ACIC-led initiative focused on identification, assessment, designation and coordination to inform operational responses against **transnational serious and organised crime targets** that pose the greatest threat to Australia's interests. The strategic intent of the APOT list is to improve understanding and facilitate collaborative domestic and international disruption efforts.

Throughout 2017 we undertook a range of partner engagement and intelligence collection to develop an initial Australian Priority Organisation Target list. After consultation with partners during 2017–18, we agreed to develop a national framework for collective transnational serious and organised crime target prioritisation and response.

An extensive review of the National Criminal Target List (NTCL) during the year included a formal independent review by the Australian Institute of Criminology. The AIC consulted widely with representatives from law enforcement partners who use and contribute to the NCTL. Following on from the APOT development work, we are now working with all partners nationally to tailor the NCTL capability to meet future needs. As a result our NCTL statistics during this year of change are not comparable with previous years, and are not included in our performance statements as part of our Discover measure this year (for further details see Appendix B, page 226). We expect to include the revised NCTL details again in future reports with a new benchmark.

NEW APOT TARGETS

A total of eight new targets were added to the APOT list during 2017–18.

PREVIOUSLY UNKNOWN TARGETS AND CRIMINALITY IDENTIFIED

During this year, we revised our definitions and expanded the previously unknown targets measure to include discoveries across the range of serious organised crime types. We will compare our yearly trends in future, with this year as the benchmark (see Appendix B, page 226).

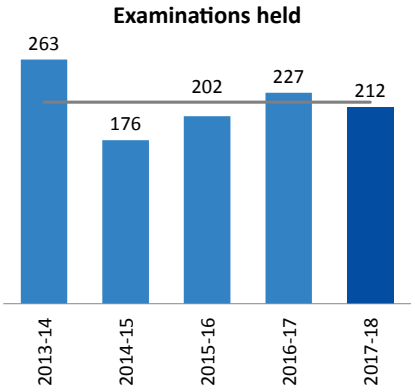
- This year **98 criminal targets, previously unknown** to Australian law enforcement, were identified as serious and organised criminal entities impacting on Australia. These targets are involved in areas of criminality including cybercrime, illicit drugs and financial crime. Additionally we discovered that **four** previously known criminal targets were involved in **previously unknown areas of criminality**.

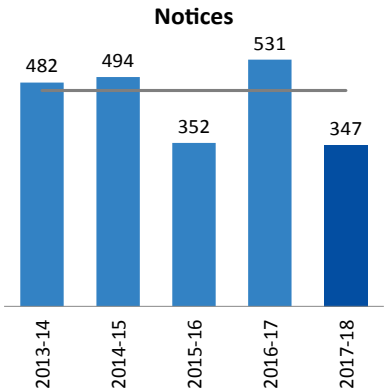
COERCIVE POWERS

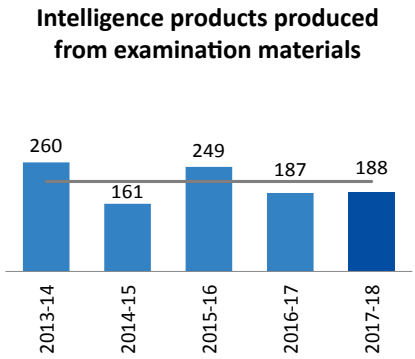
Our coercive powers were used in special operations and special investigations to discover new information about serious and organised crime, by conducting examinations and issuing notices to produce documents or items.

We then share with partners intelligence products containing discoveries and understanding gained through the use of coercive powers.

DISCOVER (CONTINUED)







Notes:

- The trend line on each graph represents the four-year historical average.
- Our use of notices often relates to financial investigations and is affected by the operational cycles, such as projects being at a stage where detailed financial investigation is not required and the use of different capabilities providing intelligence. As a result fewer notices were required during the reporting period. Our historical analysis notes that this is cyclic and it is normal to see year-to-year variances.

STAKEHOLDER SURVEY RESULTS

2016–17	**2017–18**	Change	Stakeholders surveyed agreed or strongly agreed that:
82%	**78%**	-4%	ACIC provides information and intelligence on changes in the crime environment (such as new crime threats, methods, trends and patterns).

DISCOVER 1: PERFORMANCE CRITERION ANALYSIS

The level of new discoveries has continued at similar or slightly higher levels to recent years and has covered a broad range of crime themes. We have continued our efforts to discover the highest priority serious and organised crime threats to Australia. Our statistical results are similar to previous years, with no significant variations, and evidence of continuing, consistent performance.

Overall our results indicate that we have met this performance criterion.

UNDERSTAND

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

PERFORMANCE CRITERION

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

RESULT

Overall this performance criterion has been **met.**

EXPLANATION

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

- delivery of intelligence products provides a comprehensive and integrated national picture of significant serious and organised crime threats impacting Australia
- production and sharing of other intelligence increases understanding of relevant crime themes, that are consistent with the National Criminal Intelligence Priorities—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.

UNDERSTAND ACHIEVEMENTS

	Page
NATIONAL PICTURE OF SIGNIFICANT SERIOUS AND ORGANISED CRIME THREATS[6]	
We produced intelligence on the nature and extent of offshore Australians posing the greatest serious and organised crime threat to Australia. (**Project Gentium**)	62, 71, 81
We also produced intelligence on the nexus between Canadian and Australian serious and organised crime. (**Project Sajama**)	61, 71
We maintained the National Target System, National Criminal Target List, Australian Priority Organisation Target list, and delivery of automated alerting to our partners on the activities of highest risk criminals.	79–80, 134
NATIONAL PICTURE OF FINANCIAL CRIME	
We produced the key product, *Serious Financial Crime in Australia 2017* report. (**Project Whitebeam**)	12, 60, 86, 88
We also produced intelligence to improve understanding of company directorship vulnerabilities, use of cryptocurrency such as Bitcoin in money laundering, role of jewellery in international money laundering, serious and organised crime use of precious metals and stones, Middle East transnational money laundering, GST fraud in property development, a method of superannuation fraud, methods and trends of organised crime transferring wealth to Australia, money service businesses transporting cash, Australian money remittance agency involvement in large-scale money laundering, and exploitation of stored value cards.	61–62, 85–91
NATIONAL PICTURE OF CYBERCRIME	
We produced intelligence to improve understanding of international cybercriminals who have operations impacting Australia, illicit substances on the darknet, specific malware syndicates, virtual currencies fraud, potential targets cashing out large amounts of Bitcoin, new ransomware variants impacting Australia, a comparison of two ransomware strains receiving significant media attention.	74–75, 95–97
We contributed to the Australian Cyber Security Centre's unclassified annual cyber threat assessment, taking the lead on the cybercrime component. (**Project Longstrike**)	96

6 Our unclassified *Organised Crime in Australia 2017* was released in early 2017–18. The classified *Organised Crime Threat Assessment* is scheduled to be released during 2019.

UNDERSTAND (CONTINUED)

Also through the Australian Cyber Security Centre, we led the cybercrime component of two quarterly threat reports, providing a picture of cybercrime in Australia and focusing on understanding emerging trends and methodologies. (**Project Longstrike**)	96
In addition, we provided Australian Cybercrime Reporting Network (ACORN) reporting and bulk data compilations to partners. (**Project Longstrike**)	74, 96–97, 125–126
NATIONAL PICTURE OF ILLICIT DRUGS	
We produced our flagship ***Illicit Drug Data Report 2016–17***, our annual statistical report summarising the previous year's arrest, detection, seizure, purity, profiling and price information, sourced from across law enforcement nationally.	60, 68
We released three ACIC National Wastewater Drug Monitoring Program public reports.	12, 100, 102
We produced intelligence to improve understanding of organised crime in regional Queensland, methylamphetamine markets in Indigenous communities and exploitation of vulnerabilities in legitimate Australian markets (for example, the hydroponics industry).	61–62, 100
We also produced intelligence on the threat of illicit tobacco.	81, 100–111, 117
NATIONAL PICTURE OF GANGS	
We produced intelligence to improve understanding of high risk OMCGs impacting Australia from offshore, and the expansion of an international gang in Australia, as well as intelligence to assist frontline officers and investigators to identify OMCG targets. We also collected financial intelligence on the criminal assets of gang members.	62, 102–105
NATIONAL PICTURE OF ILLICIT FIREARMS	
We produced intelligence to improve understanding of the conversion of blank firing pistols to live fire, methods for diversion of firearms to serious and organised crime, methods of importation of illicit firearms and parts, persons involved in illicit firearms trafficking networks, criminal use of illicit firearms, and emerging threats associated with specific firearm models.	62, 106–109
OTHER CRIMINAL THREATS TO AUSTRALIA	
We produced intelligence to improve understanding of:	
▪ facilitators of encrypted communications used by serious and organised crime (**Project Narrow**)	111
▪ serious and organised criminals making millions through family day care fraud (**Project Ridgeline-Blackthorn**)	
▪ child sex offenders associated with family day care, and who are non-citizens (**Project Narrow**)	111
▪ vulnerabilities to organised crime in the air and sea transport sectors (**Project Orbis** and **Project Macroburst**)	111
▪ the threat to Australian sport from offshore online gambling platforms and vulnerability to serious and organised crime (**Project Petram**)	61
▪ visa fraud in the education sector and by illegal labour hire providers, as well as exploitation of the skilled migration program (**Project Jacto**)	114
▪ aspects of the regional geo-political environment and the implications for serious and organised crime (**Project Baystone-Askella**).	61

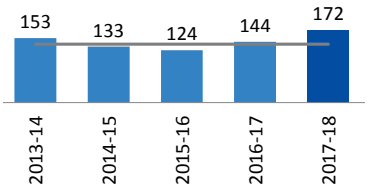
QUANTITATIVE ACHIEVEMENTS

NUMBER OF PRODUCTS PRODUCED

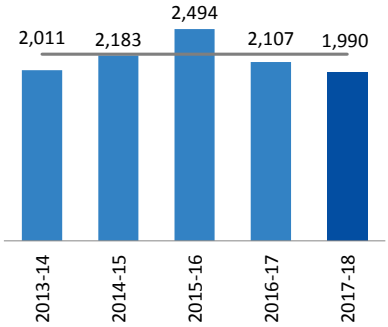
We collected criminal intelligence and combined it with information and intelligence from partner agencies to create and share a comprehensive national picture of criminality in Australia.

UNDERSTAND (CONTINUED)

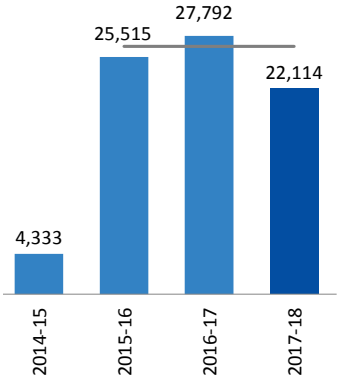
Analytical intelligence products produced



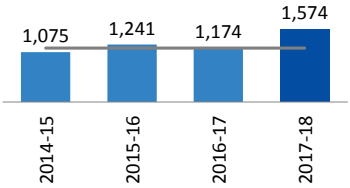
Tactical intelligence products produced



Alerts disseminated



Requests for information completed

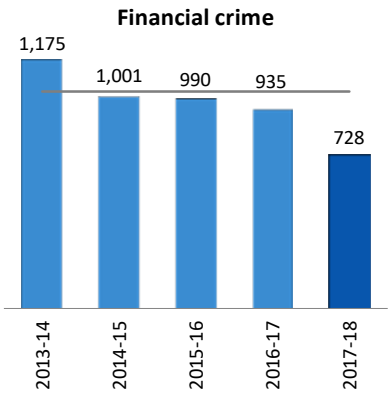


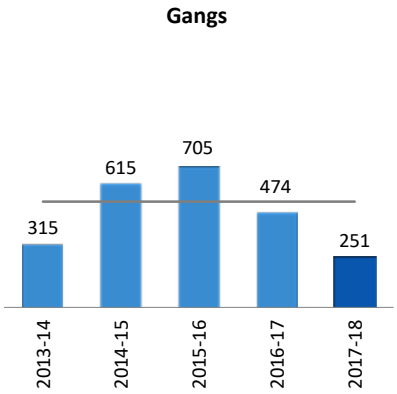
Notes:

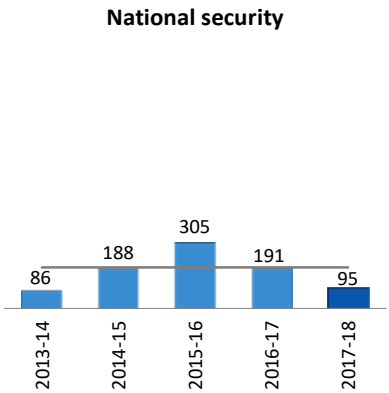
- The 2016–17 Alerts figure has been revised from 36,242 to 27,792 as some duplicate Alerts were issued and recorded during a system update in January 2017.
- The 2017–18 Alerts figure is below historical average due to a system issue, which we are rectifying.
- The trend line on the products graphs represents the four-year historical average. For Alerts, this is a two-year trend as 2014–15 was only a partial year due to the service commencing in December 2014. For Requests for information, our collection of performance data commenced in 2014–15.

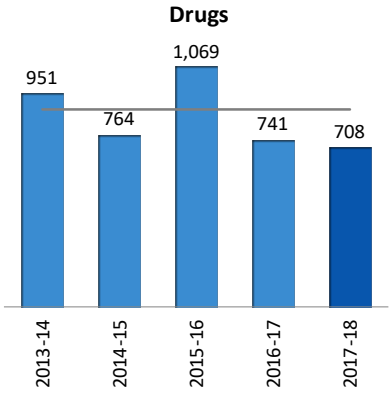
UNDERSTAND (CONTINUED)

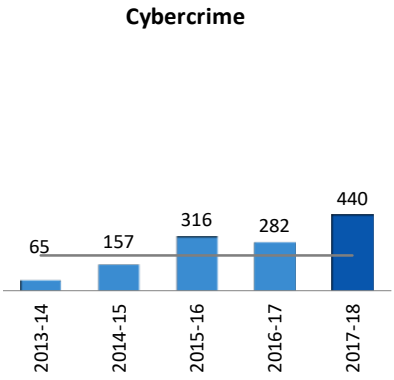
NUMBER OF PRODUCTS THAT FOCUSED ON NATIONAL CRIMINAL INTELLIGENCE PRIORITIES

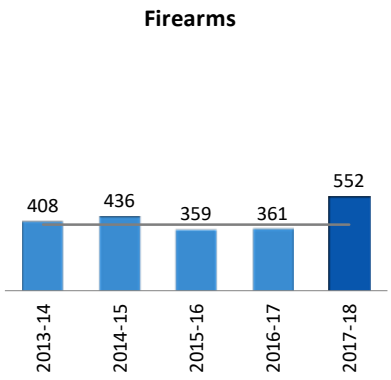






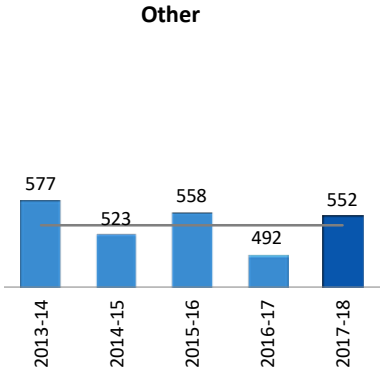






UNDERSTAND (CONTINUED)

NUMBER OF PRODUCTS THAT FOCUSED ON NATIONAL CRIMINAL INTELLIGENCE PRIORITIES (CONTINUED)



Notes:

- The graphs above display the number of intelligence products that relate to each National Criminal Intelligence Priority. As one intelligence product often relates to multiple priority categories, the figures displayed do not match the overall number of intelligence products we produced.
- The trend line on each graph represents the four-year historical average.

STAKEHOLDER SURVEY RESULTS

2016–17	**2017–18**	Change	Stakeholders surveyed agreed or strongly agreed that:
75%	**75%**	nil	ACIC intelligence products provide a comprehensive and relevant understanding of crime impacting Australia

UNDERSTAND 1: PERFORMANCE CRITERION ANALYSIS

Our results support an assessment of good performance against this criterion and in line with previous levels of performance, including the publication of our scheduled flagship products. In addition we also produced the *Serious Financial Crime in Australia 2017* report. We continued to produce comprehensive, relevant and integrated products that increase the understanding of the picture of crime impacting Australia, in line with the priority crime types identified by our Board. This assessment is supported by our stakeholder survey results, with only 4 per cent disagreeing with a statement that our products provide a comprehensive and relevant understanding of crime impacting Australia.

Our statistical results show minor increases and decreases across different crime types. These are within normal variances as we focus on different areas from year to year.

UNDERSTAND (CONTINUED)

PERFORMANCE CRITERION

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 criterion has been **met**.

EXPLANATION

Through this measure we report on our value and influence in guiding law enforcement and other strategies to deal with the threats posed by crime impacting Australia.

We measure our performance against this criterion through qualitative achievements where our intelligence has guided our partners' strategies and responses to crime in Australia.

We also measure our stakeholders' views of our performance against this criterion through specific questions in our stakeholder survey.

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

UNDERSTAND ACHIEVEMENTS

	Page
We maintained the following criminal target lists to guide strategies: ▪ Australian Priority Organisation Target list—this details the top tier international and transnational targets that play a significant role within our serious and organised crime environment ▪ National Criminal Target List—this list is being reviewed to ensure it enables a clear national picture of the threat and risk associated with Australia's nationally significant serious and organised crime targets ▪ National Gangs List—this is a secure, validated and nationally agreed list of OMCG members.	11, 71–72, 75–76, 79–81, 112, 134–135
Our intelligence on the threat of the **illicit tobacco market** has informed the strengthening of government responses including the establishment of the National Illicit Tobacco Taskforce led by Australian Border Force (see Feature on page 117). (**Project Calpar, Project Venti** and **Project Baystone-Askella**)	61, 63, 111, 117
We produced intelligence regarding 67 individuals displaying at least five risk indicators associated with **lone actors**. (**Project Ridgeline-Pinecrest**)	92
Operations were conducted in 14 locations selected based on data from the **National Wastewater Drug Monitoring Program**, which we provided to several jurisdictions. (**Project Baystone-Askella**)	100
We produced a joint report with the Australian Federal Police and Royal Canadian Mounted Police, which built understanding of the Australia–Canada serious and organised crime nexus. This is the first report of its kind and aims to enhance understanding of the level of **organised crime threat to Australia and Canada** as well as inform collaboration and resource prioritisation at both the strategic and operational level.	61, 74
Our intelligence has been used by the Department of Home Affairs to help guide its approaches to **illegal labour hire syndicates**, migration agent involvement in **visa migration fraud, visa fraud** in the education sector, and manipulation of applications for regional skilled migration visas. (**Project Jacto**)	114
Our intelligence has guided partner agency law enforcement and local and international sports bodies in addressing **sports integrity** issues through operational, regulatory and sharing of information activities. (**Project Petram**)	64, 110, 112
Our intelligence has enabled more informed decision-making regarding the potential for **fraud in government programs**.	112

UNDERSTAND (CONTINUED)

STAKEHOLDER SURVEY RESULTS

2016–17	**2017–18**	Change	Stakeholders surveyed agreed or strongly agreed that:
80%	**75%**	-5%	ACIC intelligence and information inform policy/legal response to criminal activity threatening Australia[7]
63%	**64%**	+1%	ACIC intelligence products on crime impacting Australia influence their approach to tackling crime

UNDERSTAND 2: PERFORMANCE CRITERION ANALYSIS

Our performance in guiding partner and stakeholder strategies through providing information and intelligence continued across a range of crime themes and was strengthened by our National Wastewater Drug Monitoring reports and Australian Priority Organisation Target list. Although slightly down this year, our stakeholder survey results indicate satisfaction with our level of performance against this criterion. Overall our results support the assessment that we met this performance criterion.

7 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 CRITERION

RESPOND 1 (PREVENT)—The ACIC better informs and influences the hardening of the environment against crime.

RESULT

Overall this performance criterion has been **met**.

EXPLANATION

We measure our performance against this criterion through qualitative achievements relating to informing, preventing and hardening 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 to make Australia safer.

PREVENT ACHIEVEMENTS	Page
We provided feedback on proposed changes to Australia's **Anti-Money Laundering/ Counter-Terrorism Financing regime**.	65, 88
We contributed to the assessment of the effectiveness of current **phoenix**[8] prevention strategies and tools, and proposals by the multi-agency Phoenix Taskforce for a suite of targeted law reform measures.	88
We made submissions to, and appeared before, the House of Representatives Standing Committee on Tax and Revenue's inquiry into Taxpayer Engagement with the Tax System.	88
During the year we also provided submissions to, and appeared before, the Senate Legal and Constitutional Affairs Legislation Committee inquiries into proposed **bankruptcy** bills.	66, 88
We provided a joint ACIC–AIC submission to the Parliamentary Joint Committee on Law Enforcement inquiry examining the impact of new and emerging information and communications technology.	65
In addition, we contributed to submissions in response to recommendations in the final report by the Treasury's **Black Economy Taskforce**.	63, 81, 88, 117
Our intelligence on **family day care fraud** resulted in the implementation of a compliance regime projected to return around $25 million in savings each month. (**Project Ridgeline-Blackthorn**)	62, 93
We provided submissions to inform a review of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012*. (**Project Ridgeline-Blackthorn**)	64, 93
The International Olympic Committee (IOC) praised the **Sports Integrity Threat Assessment Methodology** that we developed with the National Integrity of Sport Unit, as being the world leader in relation to the assessment of integrity threats to sports. (**Project Petram**)	110
We provided a classified and unclassified submission to the *Review of Australia's Sports Integrity Arrangements*, which detailed threats we identified to the **integrity of Australian sport**. (**Project Petram**)	64, 112
We also provided information that will be used to inform the report produced by the UN Office on Drugs and Crime (UNODC) on the implementation of the UN Convention Against Corruption.	64

8 Illegal 'phoenix' activity is when a new company is created to continue the business of a company that has been deliberately liquidated to avoid paying its debts

RESPOND (CONTINUED)

STAKEHOLDER SURVEY RESULTS

2016–17	**2017–18**	Change	Stakeholders surveyed agreed or strongly agreed that:
80%	**75%**	-5%	ACIC intelligence and information inform policy/legal response to criminal activity threatening Australia[9]

RESPOND 1: PERFORMANCE CRITERION ANALYSIS

Our results show that our intelligence has informed and influenced activities across a wide range of crime themes to harden the environment against serious and organised criminal activities. This is supported by our strong stakeholder survey results. In particular, our partners have noted their appreciation of our work targeting family day care fraud (see page 93) and supporting integrity in sport.

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 (CONTINUED)

PERFORMANCE CRITERION

RESPOND 2 (DISRUPT)—The 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 criterion has been **met**.

EXPLANATION

This performance criterion 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 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 criterion through comparative statistics of entities disrupted, apprehensions and convictions, seizure and confiscations of drugs, cash and also tax assessments and recovery of assets.

We also measure our stakeholders' views of our performance against this criterion 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

PERFORMANCE MEASURE IMPROVEMENT

This year we have revised our measures of 'disruption' to strengthen the measure and align it to our evolving activities to focus on the high threat targets. The revised measure captures our work against the highest threats to Australia, both internationally and domestically, and when law enforcement has a significant or severe disruptive impact.[10] The revised methodology was implemented to capture performance during the 2017–18 reporting year. We will provide comparative trends of these statistics from this year forward, with this year serving as a benchmark.

The outcomes from the previous and new methodologies are not comparable as our previous measures included disruptions with high, medium and low impacts and outcomes primarily of a domestic nature. We were, during this change, able to extrapolate what our result would have been for this year, and this was consistent with previous years. (See Appendix B for further details).

We contributed to partner law enforcement agencies' disruption of 22 criminal entities, which included 19 'significant' and three 'severe' disruptions.

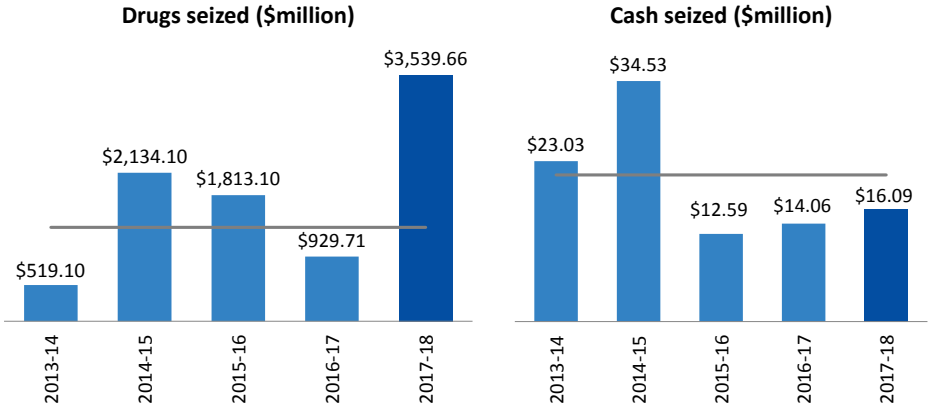
Four Australian Priority Organisation Targets have been disrupted during the period following successful law enforcement activity, including operations involving various Australian and law enforcement partners. (**Project Gentium**)

10 See Glossary for disruption definitions.

RESPOND (CONTINUED)

SEIZURES

TOTAL MONETARY VALUE OF CASH, ILLICIT DRUG AND PRECURSOR CHEMICAL SEIZURES BY OUR PARTNERS AS A RESULT OF ACIC INTELLIGENCE



Note: The trend line on each standard graph represents the four-year historical average.

Estimated street values of illicit drugs and precursors are based on drug price data contained in the most recent *Illicit Drug Data Report* at time of reporting (see page 68).

The value of seizures of illicit tobacco in 2017–18 is estimated to be $73.16 million (value based on tax/excise avoided).[11]

PROCEEDS OF CRIME—SUPPORTING THE CRIMINAL ASSETS CONFISCATION TASKFORCE (CACT) AND OTHER PARTNERS

NUMBER OF ACIC FINANCIAL REFERRALS MADE, NUMBER OF ENTITIES INCLUDED IN REFERRALS, AND THE ESTIMATED MONETARY VALUE OF OFFENDING

FINANCIAL REFERRALS TO THE CACT AND OTHER PARTNERS	FOUR-YEAR HISTORICAL AVERAGE	2017–18
Number of referrals	20	25
Number of entities	123	103
Value of offending ($ million)	110.15	92.91

Note: The 'Proceeds of Crime Restraints' and 'Tax Assessment' performance measures reported in last year's annual report have been refined to better reflect our agency's contribution in this activity. This includes the evolution of our role in the CACT taskforce over the years, which now focuses more on the referral and analysis of intelligence and information to partners for action.

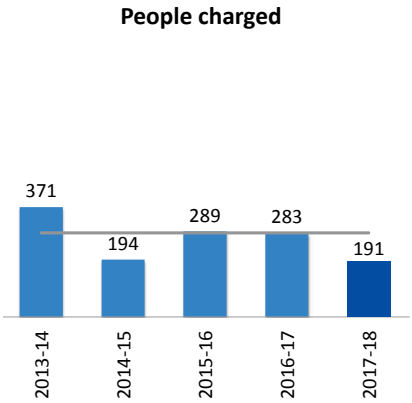
See Appendix B, page 227 for historical data table.

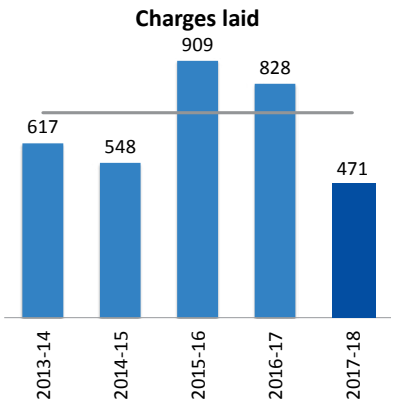
11 Tobacco excise has been estimated using rates provided on the Australian Taxation Office website.

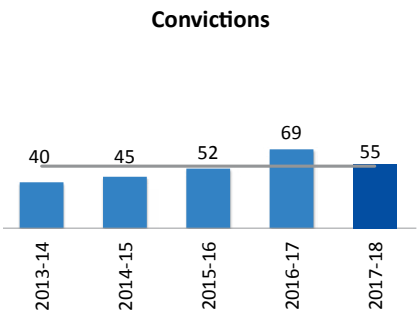
RESPOND (CONTINUED)

ARRESTS AND CONVICTIONS

NUMBER OF PEOPLE CHARGED, CHARGES LAID, AND CONVICTIONS ACHIEVED BY OUR PARTNERS AS A RESULT OF ACIC INTELLIGENCE







Note: The trend line on each graph represents the four-year historical average.

STAKEHOLDER SURVEY RESULTS

2016–17	**2017–18**	Change	Stakeholders surveyed agreed or strongly agreed that:
71%	**69%**	-2%	ACIC investigations collaborate with their organisation in the effective disruption of serious and organised criminals
84%	**99%**	+15%	ACIC investigations were of value or great value to them

RESPOND (CONTINUED)

RESPOND 2: PERFORMANCE CRITERION ANALYSIS

There can be many influences on the trends in these results, particularly a change in priorities, staffing numbers, funding cycles and operational cycles that do not always lead to disruptive results within the year. It is usual to see results increase and decrease from year to year, particularly related to seizures, where individual large seizures can cause a spike. This year records a significant spike in drug seizures, as a result of our intelligence, at $3.53 billion estimated street value. This is a positive result driven by a number of very large seizures, but we note that operational cycles can inflate and deflate these from year to year.

However, the longer overall trend is more appropriate to consider for assessment of yearly performance.

Overall, our performance results in relation to disruptions, seizures and proceeds of crime are all in line with historical four-year averages. Our recorded results for people charged and charges laid are down but in line with our changing focus on the high threat and international targets impacting Australia, which will decrease our domestic performance against this measure.

Our stakeholder survey results for this criterion this year are strong, and consistent with a notable 15per cent increase in stakeholders who said ACIC investigations were valuable.

Overall, our results support the assessment that we have met this performance criterion.

RESPOND (CONTINUED)

PERFORMANCE CRITERION

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 criterion has been **met**.

EXPLANATION

This performance criterion relates to our role supporting our partners, particularly police, in the wide range of roles they undertake to protect the community against all types of crime, and in a range of circumstances, including national disasters. This is distinct from the other 'respond' criterion that relates specifically to responding to serious and organised crime.

It is not possible for us 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 criterion focuses on our performance in better informing and enabling our partners through access to our national information systems and services.

We are working to develop the best methodology to improve our measurement of performance against this criterion beyond the current statistics that relate to services we provide. This includes measurement of benefits realisation when we improve or develop new systems, and harnessing opportunities to capture data that demonstrates the impact and benefits of new systems and services.

We assess our performance with the following measures (as reported on pages 42 to 53) across our different systems:

- system availability—the percentage of time systems were available
- service provision—the range of agencies we provide services to
- service usage—the number of users and number of system searches
- service breadth—the 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 criterion through responses to specific questions in our stakeholder survey.

SERVICES PROVIDED

	Page
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.	120–125
We also help police solve crimes through our biometric services including fingerprints and DNA systems.	127–128
In addition, we provide services that assist police with identifying missing persons, human remains and disaster victims.	129–130
Our protection services also assist police with managing child offenders and identifying child exploitation images.	
Our new Court Portal enables police and courts across Australia to access information on domestic violence orders.	125–126, 135–137
We also provide the national police history checking service and cybercrime reporting.	

SYSTEM USAGE—POSITIVE DATA MATCHES

With some of our services, we can capture when there is a positive data match. Though this does not give full insight into the discoveries made by our partners when using the services we provide, it gives an *indication* of positive results from the system usage.

RESPOND (CONTINUED)

POSITIVE DATA MATCHES THROUGH OUR SERVICES

SERVICE TYPE	SYSTEM NAME	FOUR-YEAR HISTORICAL AVERAGE		2017–18
Frontline	ABIN (Ballistics)	73	↑	82
Biometric and forensic	NAFIS (Fingerprints)	74,760	↑	94,458
	NCIDD (DNA)	83,126	↑	118,968

Note: See *System name key table* on page 42. See Appendix B, page 227 for historical data table.

STAKEHOLDER SURVEY RESULTS

2016–17	2017–18	Change	Stakeholders surveyed agreed or strongly agreed that:
90%	**92%**	+2%	ACIC information and intelligence services were valuable to the work of their organisation

OTHER STAKEHOLDER SURVEY RESULTS THAT AUGMENT THE VIEW OF PERFORMANCE

2016–17	2017–18	Change	Stakeholders surveyed agreed or strongly agreed that:
95%	**91%**	-4%	ACIC information and intelligence services and systems were of value, or of great value, to them or their business area
64%	**67%**	+3%	ACIC national policing and intelligence systems enabled them to do their jobs more effectively

RESPOND 3: PERFORMANCE CRITERION ANALYSIS

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

CONNECT

We help our partners by: Providing them with systems and services; Sharing criminal intelligence and information, policing and other relevant information; and Connecting partners to us and each other.

PERFORMANCE CRITERION

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

RESULT

Overall this performance criterion has been **partially met**.
(See performance criterion analysis on page 47.)

EXPLANATION

We provide various types of services through a range of different systems. We measure our performance against this criterion by assessing:

- **system availability**—the percentage of time systems were available (maintaining system availability ensures reliable access to related services)
- **service beneficiaries**—the range of agencies we provide services to
- **service usage**—the number of users in partner agencies and number of system searches
- **stakeholder survey 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

SERVICE TYPE	SYSTEM NAME	SYSTEM ACRONYM	PAGE
Frontline	National Police Reference System	NPRS	121
	National Names Index	NNI	121–122
	National Firearms Identification Database	NFID	122
	National Firearms License and Registration System	NFLRS	122–123
	Australian Ballistic Information Network	ABIN	123–124
	National Vehicles of Interest	NVOI	124
Biometric and forensic	National Automated Fingerprint Identification System	NAFIS	127
	National Criminal Investigation DNA Database	NCIDD	127–128
	National Missing Person and Victims System	NMPVS	128
Protection	National Child Offender System	NCOS	129
	Child Exploitation Tracking Service	CETS	129
Checking	National Police Checking Service (provided through the NPCS Support System, known as NSS)	NPCS/NSS	135–137
Cybercrime reporting	Australian Cybercrime Online Reporting Network	ACORN	125–126
Criminal intelligence	Australian Law Enforcement Intelligence Network	ALEIN	132
	Australian Criminal Intelligence Database*	ACID	125, 129, 133
	National Target System (incorporating our National Gangs List)	NTS	134–135

* This system also hosts the Violent and Sexual Crime Database and Clandestine Laboratory Database.

CONNECT (CONTINUED)

TREND KEY

✓ = benchmark met ✗ = benchmark not met
↑ = Result five or more per cent above historical average
↓ = Result five or more per cent below historical average
↔ = Similar result, within five per cent of historical average

AVAILABILITY

SYSTEM AVAILABILITY AGAINST BOARD-AGREED BENCHMARKS

SERVICE TYPE	SYSTEM	BOARD-AGREED BENCHMARK (%)	FOUR-YEAR HISTORICAL AVERAGE (%)		2017–18 (%)	
Frontline	NPRS	99.5	99.60	✓	99.14	✗
	NNI	99.0	99.75	✓	100.00	✓
	NFID	96.0	99.78	✓	99.46	✓
	NFLRS	99.0	99.75	✓	99.85	✓
	ABIN	95.0	99.93	✓	100.00	✓
	NVOI	99.0	99.73	✓	100.00	✓
Biometric and forensic	NAFIS	99.4	99.68	✓	99.84	✓
	NCIDD	99.0	99.73	✓	99.41	✓
	NMPVS+	96.0	99.80	✓	99.62	✓
Protection	NCOS	99.5	99.68	✓	99.34	✗
	CETS	96.0	99.95	✓	99.86	✓
Checking	NPCS/NSS	99.0	99.68	✓	96.63	✗
Cybercrime reporting	ACORN+	96.0	99.30	✓	99.45	✓
Criminal intelligence	ALEIN^		99.80		99.98	
	ACID^		100.00		99.98	
	NTS^		99.90		99.97	

Notes:

- NPRS availability—Two outages occurred in April 2018 due to storage issues, which have been rectified.
- NCOS availability—The outages on our NPRS system caused by storage issues (which have now been rectified) also affected NCOS availability.
- NPCS/NSS availability—During the reporting period there were two significant incidents that affected availability. The root causes have been determined and we are developing fixes to be introduced as part of regular maintenance cycles to avoid this occurring in the future.

^ This is the second year we have included availability of criminal intelligence systems in this report, so the historical average for these systems currently represents last year's result. We intend to continue to include these systems, building up to a four-year average. Note there are currently no Board-agreed benchmarks for these systems.

+ We have used two-year historical averages for these systems as NMPVS was delivered as a national system in 2015–16 and ACORN commenced operations in December 2014.

See Appendix B, page 228 for historical data table.

CONNECT (CONTINUED)

An agreed availability benchmark is developed with our Board for each of our frontline and other systems directly supporting police operations, including police checks. Benchmarks are based on usage requirements. System availability reporting provides the percentage of time systems were available, excluding scheduled outages. National availability is calculated based on user notifications of outages impacting multiple jurisdictions. As many of our systems are integrated or routed via partner agency systems, issues unrelated to our service can also affect availability.

SERVICE BENEFICIARIES

Page

Our **frontline, biometric and forensic**, and **criminal intelligence services** are provided to **all Australian police forces**, with appropriate access to some other agencies including the Department of Home Affairs, the Australian Securities and Investments Commission and state-based crime and corruption bodies. 121–128, 131–135

The **National Police Checking Service** is designed to assist employers and authorising bodies to make informed decisions about suitability of staff and applicants. Further, it is used by police and ACIC 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. 135–137

NUMBER OF STAKEHOLDER BODIES CRIMINAL HISTORY CHECKS PERFORMED FOR

2013–14	2014–15	2015–16	2016–17	2017–18
160	180	220	244	240

Note: During the year, 11 accredited bodies with low levels of service usage left and seven new agencies joined. Although the overall national usage of the service will continue to increase, we expect to see variations in the number of accredited bodies in the coming years as we implement new accreditation requirements through our new assessment and contractual arrangements. See page 136 for further details.

The public can report instances of cybercrime via the **Australian Cybercrime Online Reporting Network** (ACORN). ACORN attracted 300,015 visitors in 2017–18, almost 60,000 more than in 2016–17. We refer ACORN reports to law enforcement agencies for appropriate action.

NUMBER OF ACORN REPORTS RECEIVED AND REFERRED

MEASURE	TWO-YEAR HISTORICAL AVERAGE*		2017–18
Number of reports received	44,607	↑	54,074
Number of reports referred to police	34,683	↑	37,170
Percentage of reports referred to law enforcement agencies	77.5 %	↓	68.7%

Note: Although the percentage of ACORN reports referred to law enforcement is down compared with previous averages for the period, overall the number of reports received and referred is higher than last year.

* We have used a two-year historical average as ACORN commenced during 2014–15.

See Appendix B, page 229 for historical data table.

CONNECT (CONTINUED)

SERVICE USAGE—NUMBER OF USERS

NUMBER OF SYSTEM USERS

SERVICE TYPE	SYSTEM	2016–17		2017–18
Frontline	NPRS	77,865	↓	60,900
	NNI	6,003	↑	7,272
	NFID^	na	na	56
	NFLRS	8,160	↔	8,517
	ABIN	107	↑	138
	NVOI	8,775	↑	10,142
Biometric and forensic	NAFIS*	704	↔	714
	NCIDD	172	↑	214
	NMPVS	535	↑	671
Protection	NCOS	2,678	↓	2,179
Criminal intelligence	ALEIN	3,841	↑	4,825
	ACID	2,058	↑	2,638
	NTS	825	↑	904

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 do not relate to users in partner agencies.
- The Child Exploitation Tracking Service (CETS) is used by only a limited number of users. This is intentionally limited due to the nature of the work it supports, as this reduces the emotional impact on staff from explicit materials. As a result, the number of users is not an effective performance measure. For this reason, CETS is not included in the table above.
- The reduction in NPRS and NCOS users is the result of actions to remove inactive and unnecessarily created user accounts to meet the software licensing requirements.

^ NFID historical data cannot be captured from the previous version of this system, so a historical average has not been provided for this system. We intend to continue to include this system in the service usage measure, building up to a four-year average.

* Total 2016–17 users for NAFIS have been adjusted from 1,277 to 704 due to inactive users being incorrectly included.

In addition to these established systems, the National Criminal Intelligence System (NCIS) interim solution now has almost 800 users.

CONNECT (CONTINUED)

SERVICE USAGE—NUMBER OF SEARCHES

Between July 2017 and June 2018, NCIS interim solution attracted more than 65,000 searches.

LEVEL OF USAGE WHERE SYSTEMS ARE ACCESSED BY WAY OF RECORDED SEARCHES

SERVICE TYPE	SYSTEM	FOUR-YEAR HISTORICAL AVERAGE		2017–18
Frontline	NPRS~	40,712,195	↓	27,483,867
	NNI^	1,621,507	↓	1,201,207
	NFID	17,068	↑	21,467
	NFLRS	241,612	↑	305,298
	NVOI	7,290,149	↔	6,984,620
Biometric and forensic	NAFIS	1,161,481	↑	1,796,589
Criminal intelligence	ACID*	277,651	↑	3,057,914

Notes:

~ The decrease in NPRS searches is likely due to technology changes in some of our partner agencies, which have significantly lowered search numbers.

^ The downturn in NNI searches was expected and is consistent with phasing out this capability (see page 121 for further explanation).

* We believe the significant spike in ACID searches is due to some users initiating bulk searches, affecting the search capture data. We are investigating this to confirm.

Due to system auto-deletion of Australian Ballistic Information Network search information, search statistics for this system are not currently available. We are looking to change this and expect to include this statistic from next year. As with all quantitative measures, we will then develop an annual comparison to view performance trends over time.

See Appendix B, page 229 for historical data table.

LEVEL OF USAGE RELATED TO NUMBER OF POLICE HISTORY CHECKS PROCESSED

MEASURE	FOUR-YEAR HISTORICAL AVERAGE		2017–18
Number of criminal history checks performed	4,197,394	↑	5,290,336

The following measure for the National Police Checking Service is not only an ACIC performance measure, but also one shared by our police partners in providing this service to the wider community and other agencies. When an initial search reveals a potential match (approximately 30% of checks) it is referred to the relevant jurisdiction to confirm the identity in the first instance, and this called a 'referral'. 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 and returned directly to the accredited body, agency or individual who lodged the check. 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

	BOARD-AGREED BENCHMARK	FOUR-YEAR HISTORICAL AVERAGE		2017–18	
	(%)*	(%)		(%)	
On time—standard checks*	95.0	95.0	✓	95.1	✓
On time—urgent checks*	95.0	92.3	✗	90.7	✗

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

See Appendix B, page 229 for historical data table.

CONNECT (CONTINUED)

STAKEHOLDER SURVEY RESULTS			
2016–17	**2017–18**	Change	Stakeholders surveyed agreed or strongly agreed that:
67%	**67%**	nil	ACIC national policing and intelligence systems and services are reliable
73%	**79%**	+6%	ACIC national policing and intelligence systems and services are accessible

OTHER STAKEHOLDER SURVEY RESULTS THAT AUGMENT THE VIEW OF PERFORMANCE			
2016–17	**2017–18**	Change	Stakeholders surveyed agreed or strongly agreed that:
95%	**91%**	-4%	Our information and intelligence services and systems were of value, or of great value, to them or their business area
2016–17	**2017–18**	Change	Stakeholders surveyed from organisations that used our services and systems agreed or strongly agreed that:
90%	**92%**	+2%	Our information and intelligence services were valuable to the work of their organisation
82%	**83%**	+1%	The ACIC is trustworthy in handling our partners' information

CONNECT 1: PERFORMANCE CRITERION ANALYSIS

During this year we continued to provide our services to a broad range of agencies with generally increasing levels of usage and a high level of availability.

For three of our 13 high availability systems supporting frontline police and other partners (National Police Reference System, National Child Offender System and National Police Checking Service), availability fell just below the benchmark required by our partners, mainly due to two significant outages. We take this reduction in our performance very seriously and have undertaken immediate remedial work and engaged with our service providers to ensure these issues do not recur.

There were also minor reductions in reported statistics for the following individual measures for specific systems:

- The number of accredited bodies serviced by the National Police Checking Service was marginally affected by changes to our accreditation processes.
- The reduction in National Names Index searches was a result of us starting to phase out this aged service.
- The reduction in National Police Reference System and National Child Offender System users was the result of our actions to remove inactive and unnecessarily created user accounts.
- The ACORN report referral percentage reduced, while the overall number of referrals increased.
- National Police Reference System searches decreased due to partner agency technology changes.

Our stakeholder survey results are consistent with last year. Analysis again revealed that only a very small percentage (7% and 6% respectively) of respondents disagreed with the first two statements regarding our performance, with the remainder being neutral. Other stakeholder survey results remain strong, with 92% agreeing that our services were valuable to the work of their organisation and only 2% disagreeing.

Overall these results support the assessment that we have partially met this performance criterion.

CONNECT (CONTINUED)

PERFORMANCE CRITERION

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 criterion has been **partially met**. ✓ (See performance criterion analysis on page 50.)

EXPLANATION

We measure our performance against this criterion by demonstrating **project delivery** of new and enhanced systems and services.

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

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 have reviewed and made changes to our Portfolio, Program and Project Management (P3M) delivery model, including redeveloping the P3M Framework and repositioning our Enterprise Program Management Office to oversee the full business change lifecycle and improve our capability for investment planning, delivering outcomes, and focusing on realising benefits. In future, as part of our performance measurement for this criterion, we plan to incorporate outcomes from post-implementation feedback, analysis and benefit realisation studies.

By delivering and implementing new and enhanced national 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.

DELIVERING NEW AND ENHANCED SYSTEMS

	Page
PROJECTS DELIVERED TO PARTNERS DURING 2017–18	
▪ Implemented, through the Interim Order Reference Solution project, a web-based **Court Portal** to enable **domestic violence orders** in the National Police Reference System to be shared between police and courts across Australia.	130
▪ Implemented a **national DNA investigative capability** to support familial searching, kinship matching and enhanced direct matching.	127–128, 138
▪ Completed enhancements to the **National Child Offender System** to allow police to request the cancellation of passports, surrender of foreign passports or modification of the passports to limit validity, for registered child sex offenders who travel overseas.	129, 139
▪ Implemented enhancements to allow non-policing agencies limited access to the **National Police Reference System**.	121–122
▪ Completed work to develop **the Australian Firearms Information Network** capability, with the integration of the network into partner systems to be progressed during 2018–19.	123–124
▪ Completed enhancements to **improve search capabilities** for the **National Police Checking Service** Support System.	136–137
PROJECTS FOR PARTNERS PROGRESSED DURING 2017–18	
▪ Substantially completed the Enhanced Network Connectivity capability, designed to support the Biometric Identification Service and transition ACIC services to a **faster and more secure network**. This will be ready by mid 2018–19.	127
▪ Detailed business requirements for the **End User Declarations Online (EUDO)** system are being developed with advice from a national working group in which the ACIC is represented. States and territories are considering legislation to support EUDO, which will assist in controlling the use of chemicals and equipment used in the manufacture of **illicit drugs**.	125

CONNECT (CONTINUED)

▪ Continued work to deliver a new platform for the **National Vehicle of Interest** system, which is due for completion in 2018–19. The re-platforming is one of the last remaining pieces of work to allow us to begin decommissioning our ageing mainframe platform. This work will also ensure the system can manage expected future increases in queries and usage.	124
▪ Progressed planned work on the **National Policing Information Hub** to improve the sharing environment. This hub will replace the National Police Reference System and form a foundation element for NCIS. Also undertook **business enabling** planning needed for NCIS to progress.	131–132
▪ Commenced **connectivity trials** of NCIS interim solution with our partner agencies.	131

PROJECTS FOR PARTNERS PLANNED DURING 2017–18

▪ Completed the **NCIS Second Pass Business Case,** which resulted in 2018–19 Federal Budget funding to develop the first iteration of NCIS.	131
▪ Progressed planning for the next stage of work to **integrate the Australian Firearms Information Network with states and territory systems** and retire the current system, building on previous work to develop the network and progressively improve data quality.	123–124
▪ Commenced planning and engagement work to develop systems and processes to ensure that **negative notices** from **working with children checks** are available nationally to relevant stakeholders, as recommended by the Royal Commission into Institutional Responses to Child Sexual Abuse.	17, 130

PROJECTS FOR PARTNERS CHANGED DURING 2017–18

▪ Closed the **Biometric Identification Services** project. The project was initiated to enhance the biometric capability used by police. Following consultation with law enforcement partners, we determined the benefits of continuing the project no longer outweighed the costs and risks for our agency and partner agencies, and that the current National Automated Fingerprint Identification System (NAFIS) remains fit for purpose.	11, 127
▪ Paused our delivery of the National Order Reference System due to a review of the **Court Portal** capability delivered under our Interim Orders Reference System project. The review is to decide if (with or without some enhancements) it will meet the original requirements planned to be delivered by the planned National Order Reference System. The outcome of this evaluation will inform any future work.	130
▪ Not progressing planned ACORN Enhancements Project, as another broader whole-of-government service will replace this capability in the future.	126

STAKEHOLDER SURVEY RESULTS

2016–17	**2017–18**	Change	Stakeholders surveyed agreed or strongly agreed that:
65%	**61%**	-4%	New and enhanced ACIC national policing and intelligence systems are being developed and improved to meet their organisation's needs
54%	**45%**	-9%	The ACIC systems meet the criminal information and intelligence needs of their organisation

OTHER STAKEHOLDER SURVEY RESULTS THAT AUGMENT THE VIEW OF PERFORMANCE

2016–17	**2017–18**	Change	Stakeholders surveyed with a professional interest in information technology indicated that:
97%	**84%**	-13%	Our Information Technology Projects are of value or great value to their role*

* This survey result was not included in last year's annual report.

CONNECT (CONTINUED)

CONNECT 2: PERFORMANCE CRITERION ANALYSIS

This year has seen delivery of new and enhanced services and substantial progress toward the delivery of other new and enhanced services.

Analysis of our performance against this criterion compared with our planned performance as detailed in our Corporate Plan indicates that, noting some changes to the plans (National Orders Reference System, ACORN and Biometric Identification Services), we have delivered the majority of our planned program of work.

Our decision to pause our planned work on the National Orders Reference System and ACORN was in response to the changing needs of our stakeholders. Our decision to close the Biometric Identification Service project minimised government spending when the full business outcomes were unlikely to be realised.

Our stakeholder survey results, however, remain concerning and have declined since last year. Our assessment is that the decision to close the Biometric Identification Service project influenced these results, particularly with our state and territory partners. We have been evaluating the lessons learned from this experience and have identified these key issues:

- We need to improve our communication with our stakeholders and we must manage our engagement at the portfolio/agency level, not by individual project. As a result, we have established a dedicated Technology Collaboration and Coordination Unit to build stakeholder relationships and staff capacity to manage stakeholder relationships more effectively.
- Our Enterprise Program Management Office is building our capacity to more effectively deliver project, program and portfolio outcomes, respond to findings of reviews and audits of past projects, and apply refined practices and processes to programs and projects moving forward.
- We must manage our projects more effectively and will develop a more focused user-centric approach, adopting agile processes that meet the Digital Service Standard. Our approach will deliver smaller work packages more regularly and ensure earlier and active engagement with our stakeholder groups.
- We are strengthening our governance of all projects through the inclusion of stakeholders in our planning and governance, more regular meetings, stronger independent assessments of project performance, more detailed reporting and clearer escalation paths for the management of risks and issues.

Detailed analysis of the primary survey results reveal a significant proportion of respondents (approximately 25%) are neutral rather than negative, although there is a small shift to the negative. We understand it can take time to turn around stakeholder perceptions, and will be focusing on our communication and ensuring we continue to deliver our projects as planned to seek to improve our performance against this measure. It is also notable that our broader survey results indicate a high percentage of our stakeholders with interest in information technology consider that our information technology projects are of value to them.

Taking all the results into account, we have not fully met this performance criterion. However, our overall results indicate we demonstrated a good level of delivery that has improved from the previous year. We will seek to improve our performance in relation to accessibility going forward, but note that this will be challenging in the coming year involving high levels of change and technical transformation of our business.

CONNECT (CONTINUED)

PERFORMANCE CRITERION

CONNECT 3— The 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 criterion has been **met**.

EXPLANATION

- We measure our performance against this criterion by 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 by:

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

This criterion is not suitable for measurement through stakeholder surveys.

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

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

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.

NEW SHARING OF INFORMATION

During 2017–18 we completed the **Court Portal**, which provides connectivity to enable police and courts to obtain court orders from interstate. Together with the National Police Reference System, and with legislative changes made to allow recognition of orders from other jurisdictions, this provides police with the capability to access information about domestic violence orders from courts and police across Australia as part of the National Domestic Violence Order Scheme.

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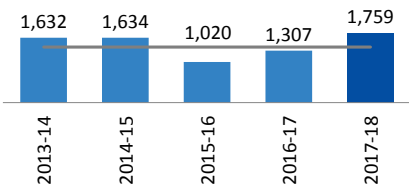
INFORMATION AND INTELLIGENCE SHARED

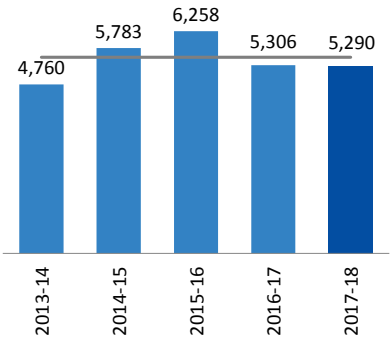
We **shared** criminal information and intelligence **with more than 190** national and international law enforcement partners and other stakeholders this financial year (an increase of more than 20 since 2016–17).

CONNECT (CONTINUED)

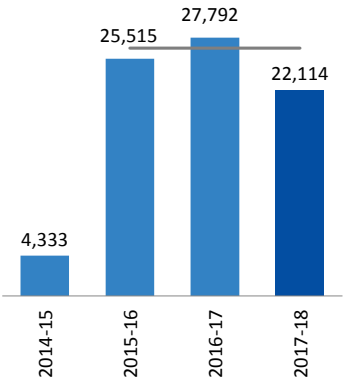
Analytical intelligence products disseminated



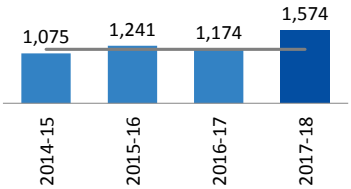
Tactical intelligence products disseminated



Alerts disseminated



Requests for information completed



Notes:

- The 2016–17 Alerts figure has been revised from 36,242 to 27,792 as some duplicate Alerts were issued and recorded during a system update in January 2017.
- The 2017–18 Alerts figure is below historical average due to a system issue, which we are rectifying.
- The trend line on the products graphs represents the four-year historical average. For Alerts, this is a two-year trend, as 2014–15 was only a partial year due to the service commencing in December 2014. For Requests for information, our collection of performance data commenced in 2014–15.

The Board-approved **Vestigo Task Force** enables **efficient sharing of information** and intelligence, for task force purposes, between domestic and international task force members.

VOLUME OF DATA

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

CONNECT (CONTINUED)

SYSTEM USAGE—CUMULATIVE TOTAL OF SYSTEM RECORDS

SERVICE TYPE	SYSTEM	2016–17	CHANGE		2017–18
Frontline	NPRS	11,421,474	374,937	↔	11,796,411
	NNI	9,776,682	355,746	↔	10,132,428
	NFID	22,320	-9	↔	22,311
	NFLRS	8,064,194	314,592	↔	8,378,786
	ABIN	67,367	11,024	↑	78,391
	NVOI	3,465,619	179,508	↑	3,645,127
Biometric and forensic	NAFIS	8,189,758	897,006	↑	9,086,764
	NCIDD	1,105,007	120,075	↑	1,225,082
	NMPVS	1,487	1,475	↑	2,962
Criminal intelligence	ACID	4,680,347	280,465	↑	4,960,812
	NTS	15,864	821	↑	16,685

↑ = Result five or more per cent above historical average
↓ = Result five or more per cent below historical average
↔ = Similar result, within five per cent of historical average

See Appendix B, page 229 for historical data table.

Note: We include statistics and trends on the volume of data available to our stakeholders as one aspect of our performance in connecting our partners to the information they need to make Australia safer. In the case of the NFID, we are working with our partners to improve the quality of the information available and remove duplicate and erroneous information so, although the statistics show a slight decline, this is a sign of progress.

In June 2018, **NCIS** interim solution contained **more than 600 million** available records.

PROVISION OF PUBLICLY AVAILABLE INFORMATION

Page

- The *Serious Financial Crime in Australia 2017* report provides a national picture of serious financial crime currently impacting the Australian community, and has been downloaded 1,325 times. 12, 60, 88
- The National Wastewater Drug Monitoring Program is a key initiative in establishing an objective evidence base on illicit drug use. This year's reports on wastewater have been downloaded 1,976 times (report 2), 1,200 times (report 3) and 1,755 times (report 4). 12, 100, 102
- The *Illicit Drug Data Report 2016–17* informs Australia's understanding of the illicit drug threat. 60, 68

NEW TECHNIQUES AND FORMATS FOR SHARING

Under Project Gentium we developed three new product types relating to the **Australian Priority Organisation Targets**. These products relate to key event assessments, the target cohort, and intelligence gap assessment. 80

We have developed a new line of **intelligence products** that capture the strategic significance of **cybercrime** actors and activity. 75

CONNECT 3: PERFORMANCE CRITERION ANALYSIS

Our performance this year reflects similar levels to previous years with generally similar or steadily increasing levels of information and intelligence shared and volumes of data available. We have broadened the types of data shared with our new Court Portal enabling domestic violence orders to be shared nationally. We have expanded our sharing formats with our new Australian Priority Organisation Targets and cybercrime reports and continue to share information and intelligence with more partner agencies.

CONNECT (CONTINUED)

PERFORMANCE CRITERION

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

RESULT

Overall this performance criterion has been **partially met**. ✓ (see performance criterion analysis on page 56.)

EXPLANATION

We measure our performance against this criterion 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**.

In addition, we 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.

As we collaborate and build relationships with many stakeholders in different ways across all our activities and outputs, we believe this aspect of our performance will be better measured in the future through measuring our collaborative performance for each aspect of our **Connect, Discover, Understand** and **Respond** approaches.

RELATIONSHIP BUILDING AND ACTIVITIES

Page

In undertaking our intelligence functions, much of our work has both a national and international context, reflecting the fact that most serious and organised crime transcends borders. 73–75

During this year we significantly expanded our **international deployments** to strengthen transnational collaboration, intelligence collection and exchange. During 2017–18 we undertook **25** short-term and **five** long-term deployments to **15 international locations**.

Our deployments have enabled identification and deconfliction of criminal targets, intelligence collection and expansion of our international engagement. Our deployed staff were involved in joint operations against **offshore serious and organised crime threats to Australia**. This achieved a range of results related to importation of **illicit goods** into Australia, **cybercrime** impacting Australia, and collaboration against a **range of criminal threats**. (See page 73 for further information on deployments.)

In addition we continued to be actively involved with our **Five Eyes** Law Enforcement Group partners. 86, 97, 111

This year we joined the Joint Chiefs of Global **Tax Enforcement** alliance, known as the **J5**. The alliance brings together tax enforcement agencies from the United States, United Kingdom, Canada, the Netherlands and Australia. The ACIC and the Australian Taxation Office represent Australia's interests in the group. See the Feature on page 57 for further details. 57, 86, 90

NATIONAL COLLABORATION

Our national collaborative efforts include contributing to the:

- **Serious Financial Crime Taskforce**, led by the AFP—producing risk assessments to help prioritise work and developing targets and generating leads through our intelligence 90
- **Criminal Asset Confiscation Taskforce**, led by the AFP—helping to discover and prioritise organised crime targets for proceeds of crime action 89
- **National Task Force Morpheus**—informing and supporting operational priorities and strategies for dealing with OMCG investigations, targets and threats at a national level 103–105
- **Australian Cyber Security Centre**, within the Australian Signals Directorate—helping to build a stronger picture of the cybercrime landscape and working with partners to assess and prioritise threats impacting Australia 10, 16, 65, 95–96
- **National Ice Action Strategy**—supporting ongoing implementation, and informing responses through improved data and research. 98, 125

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: 81–84

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

NEW AND EXPANDED RELATIONSHIPS

We have developed and expanded relationships with **integrity units of sports agencies** through the establishment and ongoing work of the **Sports Betting Integrity Unit** within the ACIC, in partnership with the Department of Health's National Integrity of Sport Unit. (**Project Petram**) 110

We have also contributed subject matter advice and **expertise** to a number of national groups focusing on responding to the **threat of illicit firearms**. 106–7

We have expanded relationships and information sharing between **agencies working cooperatively** on counter-terrorism intelligence. This included providing a secondee to the Australian Federal Police National Disruption Group. (**Project Ridgeline-Pinecrest**) 92

We also established and consolidated relationships within the **private sector** and **government**, including **academia**, related to the use of data from the National Wastewater Drug Monitoring Program. 99–100

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 also report progress on our projects to the ACIC Board and supporting capability committees, who represent a broad cross-section of our key stakeholders in relation to our intelligence and information services. 146, 148

Our NCIS interim solution continued operating during 2017–18 and we began **integration trials with our partners.** We have involvement from **20** Commonwealth, state, territory, and international law enforcement, compliance and regulatory agencies. Almost **800** users include intelligence practitioners, investigators, managers and frontline law enforcement personnel. 132

STAKEHOLDER SURVEY RESULTS			
2016–17	**2017–18**	Change	Stakeholders surveyed agreed or strongly agreed that:
54%	**51%**	-3%	The ACIC collaborates with their organisation as much as we should

OTHER STAKEHOLDER SURVEY RESULTS THAT AUGMENT THE VIEW OF PERFORMANCE			
2016–17	**2017–18**	Change	Stakeholders surveyed agreed or strongly agreed that:
71%	**69%**	-2%	ACIC investigations collaborate with their organisation in the effective disruption of serious and organised criminals

CONNECT (CONTINUED)

CONNECT 4: PERFORMANCE CRITERION ANALYSIS

We have demonstrated a broad range of collaboration with our domestic and international partners across our activities and outputs, and have developed a range of new relationships during this year. Our broader stakeholder engagement results indicate that our stakeholders assess we are performing well in our international and investigative collaboration.

Our stakeholder survey results directly relating to this criterion need improvement with, similar to last year, approximately half of our stakeholders indicating that we collaborate with them as we should, about a quarter remaining neutral and a quarter responding negatively. We assess that our stakeholders' concerns are primarily linked to our delivery of new and enhanced information systems and services (see page 50 for our analysis of our performance in this regard). Our revised performance criteria for 2018–19 will assist us to better measure our collaboration in relation to specific functions and activities.

Overall our results indicate that we have partially met this criterion.

OVERALL AGENCY PERFORMANCE ANALYSIS

Across our four areas of performance delivery, we achieved a consistent level of demonstrated performance in meeting our **Discover**, **Understand** and **Respond** performance criteria.

We have partially met the majority of our performance criteria to **Connect** our partners to the information and intelligence services they require. These results are consistent with the areas of project delivery improvement that we have identified and have developed strategies to improve.

Our stakeholder survey asked respondents to rate our general performance on a scale from 1 to 10 and we achieved an average of **6.6**. This is a similar result to our first survey, with an overall average of 6.8 in 2016-17.

Overall, we assess that our results reflect another year of solid and consistent performance with some opportunities to improve in future years, particularly in relation to **Connect** performance criteria.

FEATURE: JOINT CHIEFS OF GLOBAL TAX ENFORCEMENT (J5)

A global alliance is now proactively identifying and disrupting service providers and cybercriminals who specialise in targeting the financial sector.

This year we joined the Joint Chiefs of Global Tax Enforcement alliance, known as the J5. The alliance brings together tax enforcement agencies from the United States, United Kingdom, Canada, the Netherlands and Australia. The ACIC and the Australian Taxation Office represent Australia's interests in the group.

The J5 was formed in response to the Organisation for Economic Co-operation and Development's (OECD) call to action for countries to do more to tackle the enablers of tax crime. The alliance works collaboratively with the OECD and other countries and organisations where appropriate.

We place great importance on intelligence sharing and cooperation to assist operational outcomes—as seen in the coordinated international response to the 2016 Panama Papers and 2017 Paradise Papers, which involved 35 countries.

Following these data leaks, taxation and law enforcement agencies in the United States, Canada, Australia, New Zealand, the United Kingdom and the Netherlands formed what was known as the Ottawa Group, to share information and coordinate response actions. In 2018, to answer the OECD's call, the Ottawa Group was re-purposed into the J5, becoming an operational alliance that proactively targets global offshore service provider threats.

We support our J5 partners through our specialist intelligence collection and analysis capabilities, including our coercive powers. We focus 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.

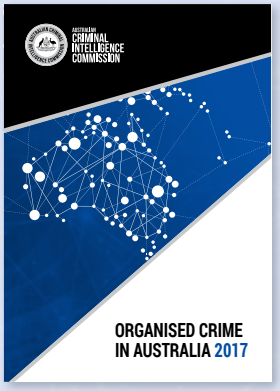
We recognise that financial crime crosses international borders. By participating in the J5 we can develop shared strategies to gather information and intelligence, conduct joint investigations and identify opportunities to target and disrupt crime.

Our work in the J5 strengthens Australia's response to offshore threats, technology-enabled financial crime and those who profit from it.

HIGHLIGHTS OF INTELLIGENCE PRODUCTS AND ADVICE IN 2017–18

2 flagship products added to the picture of criminality in Australia

Illicit Drug Data Report 2016–17 (produced)



Organised Crime in Australia 2017 (released)

3 reports in the **National Wastewater Drug Monitoring Program** series

13 strategic assessments of crime types, markets or criminal issues

2,162 intelligence products shared with more than 190 agencies (excluding automated alerts)

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

22,114 automated alerts on significant criminal targets

Evidence provided to **7 parliamentary inquiries**

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 crime. Much of our intelligence is classified and shared only with partner agencies. However, we share intelligence with private industry where it is lawful and 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 include the *Picture of Criminality in Australia* suite. We reviewed and refined our suite of products this year to concentrate on reports that provide our stakeholders with the most value. This suite now includes the classified *Organised Crime Threat Assessment*, the public version of this report, *Organised Crime in Australia*, and our annual *Illicit Drug Data Report*. We also produce a range of other flagship publications on specific issues, based on our intelligence work. We share our classified reports with partners and also produce public reports.

PICTURE OF CRIMINALITY IN AUSTRALIA PRODUCTS

ORGANISED CRIME IN AUSTRALIA 2017

The latest edition, released in August 2017, provides a contemporary picture of existing and emerging organised serious and organised crime threats affecting the Australian community and national interests. It is based on our classified *Organised Crime Threat Assessment*.

Findings highlight the significant impact of transnational serious and organised criminal groups on crime markets in Australia, the use of technology and digital infrastructure as key enablers for multiple crime types, rapid uptake of new capabilities such as encrypted communication, and the use of professional facilitators to commit crimes, avoid detection and conceal assets. This report was downloaded **3,658** times in 2017–18.

ILLICIT DRUG DATA REPORT 2016–17

We developed our 15th edition of this report during the year, for release in early 2018–19. The only report of its kind in Australia, this annual statistical report covers the previous financial year's data.

We changed the format and structure of the *Illicit Drug Data Report* this time to create a more concise report while still providing key illicit drug market information and insights. The report also includes longer-term trends in key market indicators—including border detections, national seizures and arrests, price, purity, forensic analysis, wastewater analysis and drug user survey data—which inform and enhance our understanding of Australia's illicit drug markets and the ability to identify changes within them.

Findings from 2016–17 include that Australian police made 113,533 national illicit drug seizures, weighing a record total of 27.4 tonnes, with a record 154,650 national illicit drug arrests. The international mail stream continues to account for the greatest proportion of illicit drug detections at the Australian border. However, the importation stream accounting for the greatest proportion of the weight continues to vary across drug types and reporting periods.

OTHER KEY REPORTS

SERIOUS FINANCIAL CRIME IN AUSTRALIA 2017

Our *Serious Financial Crime in Australia 2017* report, released in December 2017, presents the national picture of serious financial crime currently affecting the Australian community. The report is a public snapshot of information from our classified financial crime risk assessment. It draws on the work of Serious Financial Crime Taskforce agencies, as well as intelligence and operational data held by a broad range of law enforcement, regulatory and government agencies. It covers the enablers and markets of financial crime in Australia. The report informs government partners, the wider intelligence community and the public of the threats posed by financial crime in Australia and, where possible, how to mitigate the risks.

Findings include a marked escalation in the use of technology to enable financial crime in Australia and the rapidly increasing risk posed by cybercrime, which is now an area of primary concern. (**Project Whitebeam**)

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.

This year we produced strategic assessments on:

- aspects of the regional geo-political environment and the implications for serious and organised crime (**Project Baystone-Askella**)
- offshore online gambling platforms—informing ongoing international investigations into previously unknown sports betting methodologies (**Project Petram**)
- vulnerabilities in the process for appointing directors to Australian companies (**Project Whitebeam**)
- the Canadian–Australian organised crime nexus (**Project Sajama**)
- the North American illicit fentanyl market and indicators for Australia (**Project Andronicus-Linden**).

In addition, through the Australian Cyber Security Centre, we led the cybercrime components of the annual cyber threat assessment (see page 96).

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 gathered using our coercive powers 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 strategic and operational insights focused on:

- the use of bitcoin as an alternative to traditional money laundering methodologies (**Project Cryogenic**)
- serious and organised crime use of precious metals and stones (**Project Whitebeam**)
- the role of jewellery in international money laundering organisations (**Project Aquilo**)
- Middle Eastern organised crime links to transnational money laundering organisations (**Project Holograph**)
- the Australian illicit tobacco market and the challenges for Australian law enforcement (**Project Calpar**)
- a sophisticated method of drug concealment (**Project Iceberg**)
- methods and trends of organised crime transferring wealth from another country to Australia (**Project Calpar**)
- the bypassing of passport systems (**Project Narrow**)
- identity crime and the use of fraudulently obtained genuine passports (**Project Jacto**)
- a drug concealment method used in shipping vessels (**Project Radnor**)
- methylamphetamine markets in Indigenous communities (**Project Baystone-Askella**)

- money service businesses transporting cash (**Project Radnor**)
- potential threats to online fantasy sports and Australian sports integrity from criminal groups (**Project Petram**).

These reports are highly valued by our stakeholders and partners in Australia and around the world. For example, Europol described the Project Aquilo report as 'very good, interesting and unique'.

OTHER ANALYTICAL PRODUCTS

Other analytical intelligence products this year covered:

- Goods and Services Tax (GST) fraud in property development
- the discovery of emerging superannuation fraud methodology involving identity theft (**Project Whitebeam**)
- vulnerabilities associated with fixed wing aircraft: (**Project Macroburst**)
  - the Department of Infrastructure, Regional Development and Cities now intends to amend its security reporting forms, which currently only require reporting on security incidents, to include instances of criminal activity.
- synthetic drug importation (**Project Gentium**)
- Australian criminals on the world stage (**Project Gentium**)
- importation of crystal methylamphetamine from Asia (**Project Pecunia**)
- expansion of an international gang in Australia (**Project Legion**)
- OMCGs in Asia (**Project Legion**)
- serious and organised crime groups making millions of dollars through family day care fraud (**Project Ridgeline-Blackthorn**)
- methodology used to exploit vulnerabilities in legitimate Australian markets (**Project Baystone-Askella**)
- emerging threats associated with the illegal modification of blank firing firearms (**Project Mylonite**)
- professional facilitators of visa and migration fraud (**Project Jacto**)
- resurgence of European drug networks (**Project Gentium**)
- exploitation of stored value cards by foreign nationals to fund criminal activity in Australia (**Project Zelita**)
- the footprint of exporters of synthetic drugs to Australia (**Project Gentium**)
- organised crime in Queensland's regional drug markets (**Project Baystone**)
- an Australia-based money remittance agency involved in large-scale money laundering (**Project Radnor**)
- encrypted phone communications to facilitate criminality (**Project Baystone-Tartarus**)
- a fraudulent scam related to fake kidnappings (**Project Longstike**).

NATIONAL CRIMINAL INTELLIGENCE PRIORITIES

The National Criminal Intelligence Priorities (NCIPs) set out the known national criminal threats affecting Australia, and guide national intelligence 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, 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 2017–18 we were actively involved in a range of national policy issues and responses. For example, we worked with the Treasury and the Department of Home Affairs on the Government response to the *Black Economy Taskforce Final Report—October 2017*. Related measures announced in the 2018–19 Budget, of particular relevance to the ACIC, included the establishment of an illicit tobacco package targeting criminal gangs.

We also collaborated with our law enforcement and national security partners on key whole-of-government initiatives to ensure a stronger, safer and secure Australia. Most notably, we were an active contributor to the *Blueprint for Home Affairs*. The Home Affairs Portfolio is strengthening Australia's efforts in the fight against the evolving threats from terrorism, organised crime, child exploitation, foreign interference and the development of new and emerging technologies, such as encryption.

INFORMING REVIEWS AND NATIONAL FORUMS

INDEPENDENT INTELLIGENCE REVIEW

On 18 July 2017, the Prime Minister released the unclassified version of the *2017 Independent Intelligence Review* report. The Review examined the environment in which the intelligence community operates, and considered how effectively it serves Australia's national interests. In particular, it considered the suitability of the current structural, legislative and oversight architecture of the intelligence community. Notably, the report identified the ACIC as a member of the broader 'National Intelligence Community'. Our contribution to the report was through a classified submission.

REVIEW OF AUSTRALIA'S SPORTS INTEGRITY ARRANGEMENTS

In July 2017, Mr James Wood AO, QC commenced the *Review of Australia's Sports Integrity Arrangements.* In September 2017, we provided the Review team with insights acquired through Project Petram, which identified criminal links to, and exploitation of, domestic and offshore wagering markets. We provided both a classified and unclassified submission detailing threats to the integrity of Australian sport including vulnerabilities to exploitation, overseas groups seeking to corrupt Australian sport, and match fixing.

REVIEW OF AUSTRALIA'S IMPLEMENTATION OF THE UNITED NATIONS CONVENTION AGAINST CORRUPTION

In April 2018, we participated in the United Nation Office on Drugs and Crime visit to Australia, and its review of Australia's implementation of the UN Convention Against Corruption.

We provided information about the ACIC's role, information sharing arrangements with international agencies, and current work on corruption. We also briefed the review panel on the findings on public corruption from our report, *Organised Crime in Australia 2017*. This will inform the UNODC's report on the implementation of the UN Convention Against Corruption.

AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION LEGISLATIVE REVIEW

A review of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012* is required after the Commission's first five years of operation.

Our submission to the review panel focused on potential vulnerabilities to terrorism financing in the charities and not-for-profits sector, supported a regulatory framework based on charity risk profiles, and suggested the Australian Charities and Not-for-profits Commission continues to work with agencies, such as law enforcement, to inform and develop these profiles. Our submission will assist in the development of reforms proposed for the charities sector.

INSPECTOR-GENERAL OF TAXATION REVIEW INTO THE AUSTRALIAN TAXATION OFFICE'S FRAUD CONTROL MANAGEMENT

On 20 June 2017, the Senate Economics References Committee asked the Inspector-General of Taxation to examine how the Australian Taxation Office addresses the risk of fraud and associated issues. This request followed events including those related to an Australian Federal Police operation and allegations of tax fraud that may be linked to abuse of position by public officials.

We provided advice to the Review team on matters specific to the ACIC, most notably greater inter-agency collaboration and employment checks. This advice will inform the Inspector-General of Taxation's final report, which is expected before the end of 2018.

AUSTRALIAN CYBER SECURITY CENTRE CONFERENCE

The 2018 Australian Cyber Security Centre Conference was held in April 2018 in Canberra, attracting more than 1,600 delegates and 69 exhibition booths.

We helped organise the conference and provided onsite support. The conference program covered issues such as cybercrime, cyber deterrence, foreign interference, business process compromise, protecting control systems and critical government services, technological disrupters, and skills and workforce.

As well as contributing to the successful running of the conference, our involvement strengthened relationships with other agencies in the Australian Cyber Security Centre.

CONTRIBUTING TO PARLIAMENTARY INQUIRIES

LEGAL AND CONSTITUTIONAL AFFAIRS LEGISLATION COMMITTEE INQUIRY INTO ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING AMENDMENT BILL 2017

We provided feedback on a consultation paper prepared by the Attorney-General's Department and Australian Transaction Reports and Analysis Centre (AUSTRAC) on proposed changes to Australia's Anti-Money Laundering and Counter-Terrorism Financing regime. This followed an extensive review that began in December 2013. We also participated in a panel discussion with the Australian Federal Police before the Legal and Constitutional Affairs Legislation Committee on 20 September 2017.

Our contribution informed the committee's report, which was published in October 2017.

PARLIAMENTARY JOINT COMMITTEE ON LAW ENFORCEMENT INQUIRY INTO THE IMPACTS OF NEW AND EMERGING INFORMATION AND COMMUNICATIONS TECHNOLOGY

In February 2018, we provided a joint submission with the AIC to this inquiry.

Our submission outlined the current threat landscape, including technology as an enabler for serious and organised crime and the barriers that inhibit law enforcement agencies' abilities to mitigate the impacts of new and emerging information and communications technology.

Our CEO also appeared before the inquiry in May 2018. Our submission and CEO's appearance will inform the committee's deliberations and report.

VICTORIAN PARLIAMENTARY INQUIRY INTO DRUG LAW REFORM

In October 2018, we provided this inquiry with information on the National Wastewater Drug Monitoring Program and our *Illicit Drug Data Report* as part of the broader context of our overall response to illicit drug markets and serious and organised crime involvement.

PARLIAMENTARY JOINT COMMITTEE ON LAW ENFORCEMENT INQUIRY INTO THE TRADE IN ELEPHANT IVORY AND RHINO HORN

In June 2018, we provided correspondence to this inquiry, noting the previous work done (as the former Australian Crime Commission in 2012) regarding a syndicate suspected of high level involvement in the international trafficking of rhino horn.

We appeared before the inquiry to provide further advice on historical Project Aerostar, as well as subsequent work on wildlife trafficking related matters.

Our correspondence and appearance will inform the inquiry's deliberations.

JOINT STANDING COMMITTEE ON MIGRATION INQUIRY INTO MIGRANT SETTLEMENT OUTCOMES

We worked with the Department of Social Services on the Government response to this committee's report, *No one teaches you to be an Australian*.

One of the report's recommendations is that the Commonwealth should provide funding for the purpose of collecting data on the visa status of offenders, for inclusion in NCIS (see page 131). We provided advice on the progress of NCIS and the feasibility of collecting visa data for inclusion in NCIS to inform the government response.

SENATE LEGAL AND CONSTITUTIONAL AFFAIRS LEGISLATION COMMITTEE REVIEW OF BANKRUPTCY BILLS

In February 2018, we were invited to provide submissions to the Senate Legal and Constitutional Affairs Legislation Committee inquiries into the Bankruptcy Amendment (Enterprise Incentives) Bill 2017 and the Bankruptcy Amendment (Debt Agreement Reform) Bill 2018.

We prepared correspondence to the committee to better enable identification of criminal risks applicable to bankruptcy provisions. We also appeared before the committee in March 2018.

Our submissions and appearance informed the committee's deliberations on the two bankruptcy bills.

QUEENSLAND LEGAL AFFAIRS AND COMMUNITY SAFETY COMMITTEE REVIEW OF THE POLICE AND OTHER LEGISLATION (IDENTITY AND BIOMETRIC CAPABILITY) AMENDMENT BILL 2018

In February 2018, we were invited to provide a submission to the Queensland Legal Affairs and Community Safety Committee review of the Police and Other Legislation (Identity and Biometric Capability) Amendment Bill 2018.

Our submission supported efforts to enhance the sharing of identity information to support law enforcement objectives. Our submission also provided advice related to drafting the legislation and the potential to unnecessarily restrict the purposes for lawful use of information available through the face matching services.

Our submission informed the committee's deliberations on the bill.

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.

- **Reports and briefs**—We produced 59 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 74 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 concisely capture key issues stemming from operational activity that reveal a new methodology or vulnerability 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 1,990 information reports and other products this year. This is our main way of recording and sharing information derived from operational activity outside of our multi-agency task force arrangements.
- **Automated alerts**—We produced 22,114 alerts this year.
- **Responses to requests for information**—We responded to 1,574 requests for information from national and international partners. Responses to 1,193 of these requests included information and intelligence. The remainder were advised there are currently no relevant data holdings. Both of these response types are valuable to investigating agencies.

ACIC INTELLIGENCE PRODUCTS AND OTHER OUTPUTS

PRODUCT TYPE	2014–15	2015–16	2016–17	2017–18
Analytical	133	124	144	172
Tactical	2,183	2,494	2,107	1,990
Automated alerts	4,333	25,515	27,792[12]	22,114
TOTAL (all products)	**6,649**	**28,133**	**30,043**	**24,276**

Note: Alert service commenced during 2014–15.

LOOKING FORWARD: STRATEGIC INTELLIGENCE

In the year ahead, we will produce scheduled products in the *Picture of Criminality in Australia* suite as well as thematic assessments and joint agency assessments, to discover trends, support understanding and inform response strategies to crime threats. We will also continue to develop our intelligence capability and strive to be the partner of choice for all facets of criminal intelligence practice.

12 The 2016–17 Alerts figure has been revised from 36,242 to 27,792 as some duplicate Alerts were issued and recorded during a system update in January 2017.

FEATURE: NEW FORMAT FOR ILLICIT DRUG DATA REPORT

Our annual *Illicit Drug Data Report* (IDDR) provides a comprehensive snapshot of the Australian illicit drug market. Now in its 15th edition, the report brings together illicit drug data from a variety of sources including law enforcement, forensic services, health and academia.

No single data set provides a national picture of Australian illicit drug markets. It is only through layering multiple available data that we can enhance understanding of illicit drug markets and generate new insights. By improving shared understanding of illicit drug markets and changes within these markets, we can better target our collective efforts to address drug use in Australia, and the harm it causes to the community.

This year we developed a new format and structure for the report, which is reflected in our latest edition, *Illicit Drug Data Report 2016–17*. We created a more concise report, while retaining key drug market information and insights, and also provided some additional analysis.

The report's executive summary now includes supplementary graphic elements highlighting trends from the current reporting period and comparison data from the previous reporting period. This assists readers to quickly identify trends in illicit drug data.

We have also introduced a 'feature drug'. This edition's feature drug is cocaine, due to the substantial increases in cocaine border detections and national cocaine seizures and arrests, all of which are at record levels.

For the first time, some of the information and data from the report will be made available on the Australian Institute of Criminology's Crime Statistics Australia (CSA) website. CSA is an interactive gateway to statistics and information on Australian crime and justice issues. Introducing *Illicit Drug Data Report* information to CSA provides greater accessibility to the unique and valuable data contained in our report.

HIGHLIGHTS OF INTERNATIONAL COLLABORATION IN 2017–18

30 international deployments to 15 international locations

Vestigo Task Force led to the **identification** of **41 previously unknown targets** and two previously unknown areas of criminality of known criminal entities

Updated 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, enable effective responses both domestically and internationally.

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 both domestically and internationally.

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 HAVE A STRONG 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 in many ways and we have identified the following as key crime threats: national security risks, 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 focusing offshore, strengthening our international engagement, and building our capability to effectively and efficiently share intelligence and enable joint responses both domestically and internationally.

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

- updating and assessing the **Australian Priority Organisation Target list** of top tier international and transnational serious and organised crime targets impacting Australia
- facilitating effective information sharing and relationship building to target transnational crime with our domestic and international partners, facilitated through the **Vestigo Task Force**

- **Expanding and using international intelligence feeds**—through close collaboration with partners and **our international deployments**, we are continuing to develop relationships and explore best practice globally to gather and analyse unique intelligence on all crime types, with benefits for both frontline policing and responses to transnational crime impacting Australia.

These initiatives and their international impacts are outlined in detail below.

To support these initiatives, we are **continuing to build our capability to effectively and efficiently share intelligence**. We are advancing our plans to develop a national, unified picture of criminal activity spanning frontline policing and criminal intelligence, to be delivered via NCIS (see page 131). This is critical to understand and leverage intelligence holdings, including wider international intelligence feeds. We 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 'upstream' approach to fighting criminal threats to Australia remains challenging and means our work may take place over longer time frames. While we expect this will affect our short-term domestic outcomes, there has not been a major impact this year. However, we expect that our domestic results will vary in coming years due to the longer-term nature of this more upstream approach.

Ultimately, by working with partners to target threats offshore, we can 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 APPROACHING THE INTERNATIONAL THREATS

AUSTRALIAN PRIORITY ORGANISATION TARGETS

The Australian Priority Organisation Target list aims to improve Australian law enforcement and international partner understanding of offshore criminal organisations that pose the greatest threat to Australia's interests, and guide strategies in response. This is managed under our Highest Risk Criminal Targets No. 2 Special Investigation, Project Gentium (see pages 79–84).

At the operational level, the Australian Priority Organisation Target list guides significant targeting decisions, providing a touchstone for major threats. At a strategic decision-making level, it is primarily used to inform stakeholders about the strategic threat picture, including emerging target threats and gaps in understanding.

Broadly, an Australian Priority Organisation Target is an entity or group that is:

- involved in significant organised criminal activity
- currently impacting Australia
- based offshore or is a threat that is primarily transnational.

We developed the Australian Priority Organisation Target list last year. During 2017–18 we added **an additional eight** Australian Priority Organisation Targets, **assessed more than 200** potential Australian Priority Organisation Targets and produced related assessments every quarter, providing a comprehensive updated picture of these organisations.

We also produced **seven** key event assessments. These provide a rapid and succinct assessment of the implications, intelligence gaps and opportunities regarding specific operational resolutions and related events, such as the record **1.4 tonne cocaine seizure** on board a yacht in the South Pacific (see page 82) and the disruption of the Phantom Secure encrypted communications platform (see page 119).

During 2017–18, **four entities** from the Australian Priority Organisation Target list were disrupted following successful law enforcement activity, including operations involving various Australian and foreign law enforcement partners.

We also produced a range of associated intelligence reporting and briefings, including crime group cohort and gap assessments.

Our work on these international threats also informed our review and updating of the National Criminal Target List (see pages 79–80).

VESTIGO TASK FORCE

Our 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 across Australia and internationally.

Vestigo acts as a conduit for our work across various investigations and operations. This means Vestigo results are incorporated within and reflected throughout the intelligence-led outcomes we have achieved with partners.

During 2017–18, Vestigo related intelligence and operational activity with partners resulted in:

- 208 intelligence products (29 analytical and 179 tactical) disseminated 790 times to 74 stakeholders
- the seizure of more than $7.26 million in cash
- the seizure of more than $396.97 million (estimated street value) of illicit drugs
- the disruption of 12 criminal entities
- the identification of 41 previously unknown targets and two previously unknown areas of criminality of known criminal entities (see page 25).

The Vestigo Task Force has enabled us to triple the number of international task force member agencies that we had in our previous Eligo Task Force arrangement.

INTERNATIONAL DEPLOYMENTS

Our international deployments are a key component of our focus on transnational crime impacting Australia.

In 2017–18 we deployed 52 ACIC staff to 15 international locations under Project Sajama. This included 25 short-term deployments and five long-term deployments. (Note, a single deployment can involve more than one person.) This is a significant increase in our level of activity from last year when we undertook eight deployments to six international locations. (**Project Sajama**)

During the year, we had long-term deployments to the:

- Federal Bureau of Investigation, United States
- Drug Enforcement Administration, United States
- Royal Canadian Mounted Police, Canada (ended in December 2017)
- National Crime Agency, United Kingdom
- Europol, the Netherlands.

We received additional *Proceeds of Crime Act* funding of $3.7 million over three years, commencing in 2017–18, for short-term international deployments and to develop international intelligence hubs through our deployment program.

Through our deployments we worked with international partners to identify major organised criminal entities and organisations, support operations and identify strategic opportunities.

Our deployed staff were involved in joint operations with overseas partners against offshore serious and organised crime threats targeting Australia. This included the importation of illicit goods, cybercrime activity and the movement of illicit funds through money laundering. Our international deployments also provided significant opportunities for intelligence collection through access to international data sources, intelligence products, capabilities and expertise.

Through our deployments we also extended our international engagement beyond the host agencies. For example, our staff gained access to additional host country law enforcement agencies and also developed relationships with other countries' law enforcement agencies operating in the host country.

Specifically, our deployments this year delivered the following results.

ILLICIT SUBSTANCES

- Improved understanding of methodologies used to import significant amounts of illicit substances into Australia via couriers on international flights.
- Collection and analysis of intelligence derived during ACIC Project Vermillion, resulting in the seizure of 1.4 tonnes of cocaine from a yacht in the South Pacific.

- Generation of new targeting opportunities, including a referral from the United States Drug Enforcement Administration's Bilateral Investigations Unit, resulting in new Melbourne-based targeting opportunities.
- Close cooperation with Thai authorities including a deployment to Thailand. The focus was on the identified syndicate members, their networks and methodologies in relation money laundering activities connected to the importation of narcotics into Australia.

THREATS

- Dissemination of a joint ACIC, Australian Federal Police and Royal Canadian Mounted Police report on the Australia–Canada serious and organised crime nexus.
- Ongoing work with the United States Drug Enforcement Administration on strengthening our transnational investigative capability and cooperation on serious and organised crime investigations impacting Australia.
- Deconfliction of criminal targets and operational activity with partner agencies: Australian Border Force, and the United States Drug Enforcement Administration and Federal Bureau of Investigation.
- Identification of emerging offshore OMCG threats to Australia.
- Increased collaboration on firearms intelligence, including access to partner firearm systems information.
- Support to Five Eyes Law Enforcement Group (FELEG) partners regarding offshore money laundering syndicate controllers.

CYBERCRIME

- Access to expertise on a Banking Trojan (malware designed to gain access to online banking details) and identification of two people believed to be responsible for the malware.
- Identification of international cybercriminals targeting Australia, and identification of new targets related to money laundering and drug trafficking.
- Joint operational activity targeting cybercriminals, drug traffickers, and money launderers.
- Information sharing with Europol on areas such as cybercrime, precursor drug importations, Russian organised crime and high value target identification methodologies.
  - The outcomes supported operational and strategic assessments and resulted in positive matches and sharing of ACIC intelligence (specifically ACORN reports involving known ransomware strains and criminal use of online bitcoin wallets) in direct support of active investigations of the international Joint Cybercrime Action Taskforce.
- Retrieval of data shared between cybercriminals using third party file sharing services, through joint ACIC–Federal Bureau of Investigation work.
- Access to intelligence on people responsible for a malware campaign against Australia.

- Development of a new line of intelligence products that capture the strategic significance of cybercrime actors and activity, highlight operational challenges for law enforcement agencies, and identify opportunities for Five Eyes Law Enforcement Group partners to address these issues.
- Updated intelligence on current operations on 10 cybercriminal targets who have operations impacting Australia.

PARTNER AGENCY DEPLOYMENTS TO AUSTRALIA

During 2017–18 we have also been able to strengthen our international relationships and collaboration through integration of staff from our international partner agencies in ACIC teams. We have had members of staff integrated into the ACIC from Her Majesty's Revenue and Customs and the National Crime Agency in the United Kingdom, the Drug Enforcement Administration in the United States, the New Zealand Police and the Royal Canadian Mounted Police. In the future we are also anticipating integrated staff from the Federal Bureau of Investigation and the Internal Revenue Service in the United States.

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 pages 79–80).

INTERNATIONAL ENGAGEMENT

The FELEG is an international coalition of law enforcement agencies from the United Kingdom, Canada, the United States, New Zealand and Australia. We are actively involved in the FELEG and participate in its associated groups including the criminal intelligence advisory group and the cybercrime, money laundering, technical and other working groups.

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 at section *2.4 Investigations and operations* from page 78.

LOOKING FORWARD: INTERNATIONAL THREATS

In the year ahead, we will continue to invest allocated funds from the Confiscated Assets Account to develop our international intelligence capability to improve our collaboration and effectiveness in disrupting criminals impacting on Australia.

FEATURE: AUSTRALIAN PRIORITY ORGANISATION TARGETS

Serious and organised crime groups are affecting Australia in unprecedented ways. Almost all of the high-risk organised crime groups impacting Australia are transnational. Our Australian Priority Organisation Targets represent the top tier of these groups involved in serious and organised criminal activity causing harm to the Australian community.

Globalisation has provided opportunities for Australian criminals to make transnational connections, and for offshore groups that previously had little access to the Australian market to also target us. Over the past few years, the speed with which global trends have been replicated in Australia has increased, and physical geographic boundaries no longer contain criminal networks. The impact on the Australian community is pervasive and destructive.

Most organised crime is motivated by money, with the trade in illicit drugs continuing to be the primary source of illegal profit in Australia. To support their illicit activities, serious and organised crime groups use money laundering, technology, professional facilitators, identity crime, corruption, violence and intimidation.

Transnational serious and organised crime is stretching law enforcement capability and capacity. This means our relationships with national and international partners are more important than ever. Increasing criminal convergence requires consistent national responses with closer international cooperation, coordination and deconfliction (ensuring police and law enforcement are aware of each other's activities against criminal targets). Coordinated multi-agency responses are essential to investigate and disrupt the highest risk criminal targets.

Under our Highest Risk Criminal Targets No. 2 Special Investigation, the Australian Priority Organisation Target list helps Australian and international law enforcement partners direct resources to respond to the targets posing the highest level of threat and risk.

We collaborate with partners to ensure the target picture is updated frequently and remains current, accurate and relevant.

HIGHLIGHTS OF INVESTIGATIONS AND OPERATIONS IN 2017–18

$3.5 billion illicit drugs and precursor chemicals seized with our partners (estimated street value)

191 people apprehended on **471** charges as a result of our intelligence

212 coercive examinations held to discover new information about serious organised crime

98 previously unknown targets discovered

103 entities referred to the Criminal Assets Confiscation Taskforce with an estimated value of offending of **$92.9 million**

4 Australian Priority Organisation Targets were disrupted following partner law enforcement activity

22 criminal entities disrupted overall

69% of stakeholders surveyed agreed we collaborate with others in the effective disruption of serious and organised criminals

78% 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 2017–18, as guided by our *Corporate Plan 2017–18 to 2020–21*, we focused on the following priorities:

- high risk targets
- financial crime
- national security/terrorism
- cybercrime
- illicit drugs
- criminal gangs
- illicit firearms
- emerging threats.

RESULT: CRIME IS DISRUPTED AND PREVENTED, COMMUNITY IS PROTECTED

We achieved our aim by contributing to 22 disruptions of criminal entities.

The arrests and charges resulting from our work in this and previous years led to 55 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.

HIGH RISK TARGETS

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 also 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.

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

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

Work under this special investigation is managed through our Monitoring and Assessment Intelligence Hub.

HIGHEST RISK CRIMINAL TARGETS NO. 2 SPECIAL INVESTIGATION

CONNECT

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 (see page 72). 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. 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.
- Maintaining the **National Criminal Target List** (NCTL), as a contemporary national list that enables a clear nationwide picture of the threat and risk associated with Australia's nationally significant serious and organised crime targets. We have reviewed the NCTL, taking into account stakeholder views and technological changes, and we are now working with ACIC Board member agencies to implement review recommendations to tailor the NCTL capability to meet future needs.

The changes will bring the NCTL in line with the Australian Priority Organisation Target model by improving capacity to identify and prioritise domestic organised criminal groups at the state/territory level. In the meantime, we continued to maintain the current NCTL, and across all agencies 17 new targets were added in 2017–18.

- Maintaining the **National Target System**, as the secure online data repository through which we make the National Criminal Target List and the National Gangs List available to partners.
- Providing our partners with an **automated alerting service** about the activities of the highest risk criminals.

This year, we also introduced three **new product types related to the Australian Priority Organisation Target** list:

- Key event assessments—these are designed to provide stakeholders with a succinct assessment of the implications of significant events following public announcements related to our work. These assessments will inform the formulation of the Australian Priority Organisation Target list and are intended to complement more comprehensive reporting.
- Serious and organised crime target cohort assessments—these strategic and operational assessments focus on the key target cohort threats as determined by the Australian Priority Organisation Target list.
- Gap assessments—Australian Priority Organisation Target list work that informs these assessments can focus on very broad or specific intelligence gaps to identify areas for collection or future stakeholder collaboration.

DISCOVER AND UNDERSTAND

We conducted **four coercive examinations**, issued **seven notices to produce** documents and produced eight intelligence products with examination material relating to high risk criminal targets.

In total for the period, we produced **406 intelligence products** (42 analytical and 364 tactical), which were disseminated 1,454 times to 89 stakeholders.

We discovered, and provided partners with a better understanding of, methodologies, groups and criminal targets, in particular, identifying **11 previously unknown criminal targets**.

Our Monitoring and Assessment Intelligence Hub produced a range of specific target briefs to inform future targeting, operational assessments (which typically outlined serious and organised crime group activity), methods and tradecraft.

We also produced a strategic insights paper, *Australian illicit tobacco market and challenges for Australian law enforcement*, which has significantly influenced the argument for a strengthened response to the Australian Treasury's Black Economy Taskforce. (**Project Calpar**)

We maintain a contemporary view of the serious and organised crime landscape in Australia. We do this work under the interrelated Projects Gentium, Rozencrantz and Macroburst:

- **Project Gentium** evaluates high risk transnational serious and organised crime targets, designates the most significant targets as Australian Priority Organisation Targets, and coordinates efforts against these targets to disrupt their criminal activities.
- **Project Rosencrantz** monitors and improves understanding of Australia's serious and organised criminal risks. Through Project Rosencrantz, we provided automated alerts to relevant partners regarding 22,114 financial transactions, company events or travel movements linked to entities on the National Criminal Target List and the National Gangs List.
- **Project Macroburst** develops state and territory intelligence highlighting the highest risk targets both regionally and transnationally, and supporting law enforcement to address serious and organised crime. It does this through the intelligence activities of ACIC Joint Analyst Groups.[13] During the year, Project Macroburst led to the disclosure of 170 intelligence products. This number is down compared with 343 last year due to changes in priorities and reduced resourcing of Joint Analyst Groups in some states. Reports shared with partner agencies covered 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 **identifies and disrupts** 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.

13 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.

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.

Responses during 2017–18 supported by and resulting from ACIC intelligence, and undertaken with and by partners, include:

- five 'significant' disruptions
- 94 apprehensions
- 253 charges
- 38 people convicted
- $3.45 million in cash seized
- $3.13 billion estimated street value in drug seized.

See pages 71–72 for performance information related to the Australian Priority Organisation Targets.

The following examples demonstrate the success of various responses during the year.

RECORD AMOUNT OF COCAINE SEIZED ON YACHT

In July 2017, French Marines acted on ACIC intelligence developed in partnership with several international jurisdictions (United States, France, United Kingdom) to seize a record 1.4 tonnes of cocaine, with an estimated street value of $512.4 million. The cocaine was seized on board a yacht in the South Pacific, suspected of being destined for Australia (**Project Vermillion**). In November 2017, ACIC intelligence led to a second seizure of 700 kilograms of cocaine on another yacht involving the same networks (**Project Baystone-Swaled**). Key facilitators were arrested in Australia, significantly disrupting the network.

EIGHT ARRESTS LINKED TO SYNDICATE BYPASSING BORDER CONTROLS

On 8 August 2017, the New South Wales Joint Organised Crime Group (NSW JOCG) Operation Astatine concluded with eight arrests, and the seizure of 80 kilograms of cocaine and 200 kilograms of MDMA. A key syndicate member was simultaneously arrested by Dubai Police in the presence of NSW JOCG members, and extradition to Australia will be sought. This investigation also discovered a serving Australian Border Force officer was assisting the syndicate to bypass border controls. This resulted in a separate joint NSW JOCG and Australian Commission for Law Enforcement Integrity (ACLEI) investigation, which subsequently led to the discovery of the involvement of another, former, Australian Border Force employee. These two people were among the eight arrested. We worked with partners across the NSW JOCG, Australian Federal Police, Australian Border Force, New South Wales Police Force, and New South Wales Crime Commission on this operation.

SERIOUS CRIME SYNDICATE DISRUPTED WITH RECORD METHYLAMPHETAMINE SEIZURE

The Western Australia Joint Organised Crime Task Force successfully disrupted a serious crime syndicate at the Geraldton docks, with the largest methylamphetamine seizure in Australia to date. The total amount of methylamphetamine seized was 1.2 tonnes (estimated street value of $1.04 billion) and eight people were arrested. (**Project Macroburst**)

INTELLIGENCE LEADS TO MAJOR ICE SEIZURE OVERSEAS

On 26 October 2017, a total of 313 kilograms of crystal methylamphetamine (estimated street value of $269 million) destined for Australia was seized by Panamanian Public Forces, with the assistance of the Australian Federal Police International Operations and the United States Drug Enforcement Administration. This was the largest single seizure of 'ice' in Panamanian history, and occurred following our identification of syndicate members. Four people, including the ringleader, were arrested by the New South Wales Police Force. (**Project Madrono**)

> *'Successful targeting of transnational organised crime relies on cohesive law enforcement partnerships. International cooperation in law enforcement and intelligence is not new, but our relationships are stronger than ever, allowing us to reach across the globe to target any crime that may impact on the people of New South Wales.'*
>
> **Director of Crime Operations, Detective Chief Superintendent Stuart Smith, New South Wales Police Force**

MURDER CHARGE FOR 1994 NATIONAL CRIME AUTHORITY BOMBING

On 1 March 2018, the South Australia Police Major Crime Squad members charged Domenic Perre with one count of murder, and one count of attempted murder related to the 1994 National Crime Authority Adelaide Office bombing that killed Western Australia Police Detective Sergeant Geoffrey Bowen and seriously injured National Crime Authority lawyer Peter Wallis. (**Project Cornus**)

LIQUID METHYLAMPHETAMINE SEIZED

On 10 January 2018, NSW JOCG seized approximately 60 litres of liquid methylamphetamine (estimated street value of $7.8 million) and subsequently charged one person.

TOBACCO SEIZED

On 6 September 2017, we worked with Australian Border Force and Australian Federal Police members to jointly seize $341,549 cash, 42 kilograms of loose (chop chop) tobacco product, 450.95 kilograms of molasses tobacco, 437,740 cigarette sticks, and 185 cigars. (**Project Calpar**)

CRYSTAL METHYLAMPHETAMINE SEIZED

On 21 April 2018, acting on NSW JOCG Operation Catalonia profiling, the Australian Border Force inspected a suspect container shipment arriving in Sydney from Malaysia. Due to apparent anomalies, the container was then processed at the Port Botany Container Examination Facility where two metal lathes were located inside boxes of tea. Closer inspection led to seizure of 200 kilograms of crystal methylamphetamine, which the Australian Federal Police then substituted for a controlled delivery to the intended recipients. Three people were arrested in May 2018.

SENTENCES IMPOSED IN DRUGS CASES

On 21 July 2017, in Sydney District Court, Sai Kit Kong was convicted and sentenced to 14 years imprisonment, with a non-parole period of nine years, after pleading guilty to attempting to possess a commercial quantity of an unlawfully imported border controlled drug. This related to a concealed shipment of 190 litres of liquid crystal methylamphetamine.

On 13 October 2017, Hin Lok Mok was convicted and sentenced to nine years imprisonment, with a non-parole period of six years, after earlier pleading guilty to taking part in manufacturing a large commercial quantity of prohibited drugs. Mok was arrested in January 2016 by NSW JOCG members (**Operation Ovcharka**). This followed earlier seizures of 200 litres and 330 litres of concealed liquid crystal methylamphetamine.

LOOKING FORWARD: HIGH RISK TARGETS

In the year ahead we will:

- continue to undertake projects against, and develop intelligence on, known and newly identified high threat targets
- produce specific intelligence to support disruption actions by our partners and inform law enforcement understanding of the nature and extent of criminality
- increase understanding of high threat targets through classified insights on Australian Priority Organisation Targets and produce regular updates and associated materials.

FINANCIAL CRIME

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.

We tackle criminal profit through our:

- Targeting Criminal Wealth No. 2 Special Investigation
- contribution to the Criminal Assets Confiscation Taskforce
- contribution to the multi-agency Serious Financial Crime Taskforce.

This work is managed through our Financial Criminal Intelligence Hub.

Our work in this area is also instrumental in the ongoing work 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 financial crime and sophisticated tax evasion, and to confiscate criminal wealth.

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 and tax evasion.

CONNECT

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

For example, during the year, we briefed the national Serious Organised Crime Coordination Committee (SOCCC) on the outcomes, issues, implications and recommendations raised in one of our intelligence insights reports, into emerging money laundering methodologies used by serious organised crime. The SOCCC supported our recommended joint agency approach to gather further intelligence and evidence, which will be provided to the Australian Taxation Office and AUSTRAC to inform and implement a national response strategy. (**Project Astor**)

Throughout 2017–18, we also worked as part of multi-agency task forces, including:

- Commonwealth Criminal Assets Confiscation Taskforce, led by the Australian Federal Police (see page 89)
- Commonwealth Serious Financial Crime Taskforce, led by the Australian Federal Police (see page 90)
- ACIC-led Vestigo Task Force (see page 72)

- Joint Chiefs of Global Tax Enforcement (J5):
  - The J5 comprises leaders of tax enforcement authorities from Australia, Canada, the Netherlands, the United Kingdom and United States to increase collaboration in the fight against international tax crime and money laundering. This alliance, formed at the end of the reporting year, will build international enforcement capacity by sharing information and intelligence, enhancing operational capability by piloting new approaches, and conducting joint operations to bring those who enable and facilitate tax crime to account. The J5 is focusing on three global tax initiatives: cybercrime and virtual currencies; enablers of offshore tax crime; and data platforms (see Feature on page 57).
- Strike Force Bugam:
  - This is a joint investigation with the New South Wales Police Force Organised Crime Squad into internationally based money laundering syndicates operating in Sydney.

In addition, we contributed to the Five Eyes Law Enforcement Group Money Laundering Working Group by:

- helping to identify new international controller networks
- developing joint operational strategies regarding known high priority international money laundering organisations, resulting in collaboration and coordination in work to target intertwining networks, and the development of multinational approaches to disrupting international money laundering organisations.

DISCOVER AND UNDERSTAND

During the year we conducted **23 coercive examinations**, issued **187 notices to produce** documents, and produced 31 products with examination material relating to the purpose of our Targeting Criminal Wealth No. 2 Special Investigation. Information from these examinations was used to investigate criminal activity and inform law enforcement, national security, regulatory and policy agencies around the country.

We produced **313 intelligence products** (40 analytical, 273 tactical), which were disseminated 1,014 times to 68 stakeholders—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 **34 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 through the production and sharing of intelligence products regarding:

- enablers and markets of financial crime in Australia, through our *Serious Financial Crime in Australia 2017* report (see page 60) (**Project Whitebeam**)

- use of bitcoin as an alternative to traditional money laundering methodologies, and the associated money laundering and terrorism financing risks posed by digital currencies (**Project Cryogenic**)
- role of jewellery in international money laundering organisations (**Project Aquilo**)
- serious and organised crime use of precious metals and stones (**Project Whitebeam**)
- Middle East organised crime links to transnational money laundering organisations (**Project Holograph**)
- the Panama Papers:
  - intelligence gathered over the course of the reporting period greatly enhanced our understanding of the risk posed by offshore service providers and also contributed to the understanding of local and offshore facilitators and clients **(Project Whitebeam** and **Project Whitebeam-Hekate**)
  - our analysis of the Panama and Paradise papers has increased national understanding of nationally significant organised tax fraud, confirming that National Criminal Target List entities have used offshore structures to evade tax and conceal their offshore interests (**Project Whitebeam** and **Project Whitebeam-Hekate**)
- money laundering—ACIC intelligence led to joint work with special intelligence agencies to identify high priority money laundering targets operating out of various Asian countries (**Project Whitebeam**)
- Australian-based criminal structures previously unknown to law enforcement capable of collecting and laundering significant funds from Australia to offshore destinations as efficiently and effectively as legitimate financial service providers, using a range of criminal network capabilities to minimise the risk of detection. (**Project Gritstone**)

RESPOND

During the year work under our Targeting Criminal Wealth No. 2 Special Investigation to discover and understand criminal money flows **enabled effective disruption and prevention responses**.

Responses supported by and resulting from ACIC intelligence, and undertaken with and by our partners, include the following examples:

- 11 significant disruptions of criminal entities
- $6.15 million cash seized
- $128.14 million estimated street value of drugs seized
- 52 apprehensions
- 112 charges
- eight people convicted
- 25 financial referrals to the Criminal Assets Confiscation Taskforce and other partners, containing 103 entities, with a $92.91 million estimated value of offending.

Responses to money laundering activity include the following examples:

- Strike Force Bugam investigators dismantled three criminal syndicates, with the arrest of 18 people who were charged with 117 offences relating to illicit drugs and money laundering.[14] (**Project Aquilo**)
- On 5 September 2017, property worth in excess of $2.16 million was confiscated as a result of a successful restraining order, which relied on an ACIC financial analysis. (**Project Astor**)
- Following information received by the Department of Home Affairs, we located and seized 300 kilograms of cocaine (estimated street value of $105 million) in Melbourne. We executed search warrants with the Victorian Joint Organised Crime Task Force, resulting in the arrest of two people on drug importation charges. (**Project Radnor**)
- We provided case studies about professional facilitators in support of amendments to Australia's Anti-Money Laundering and Counter-Terrorism Financing regime as well as proposed reforms of the secrecy and access provisions of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* and associated Rules and Regulations.
- We contributed case studies to the Senate Legal and Constitutional Affairs Legislation Committee inquiry into the Proceeds of Crime Amendment (Proceeds and Other Matters) Bill 2017.
- We made submissions in response to recommendations in the final report by the Black Economy Taskforce, which was established to develop an innovative, forward-looking, multi-pronged policy response to combat the black economy in Australia.
- We are a member of the Phoenix Taskforce, which provides a whole-of-government approach to combatting illegal phoenix activity. This year the Phoenix Taskforce produced papers assessing the effectiveness of current strategies and tools, and has proposed a suite of targeted law reform measures.
- We were invited to contribute to the Legal and Constitutional Affairs Legislation Committee inquiry into the Bankruptcy Amendment (Enterprise Incentives) Bill 2017 and the Bankruptcy Amendment (Debt Agreement Reform) Bill 2018. Our response contained information from our *Serious Financial Crime in Australia 2017* report and case studies in support of reforms that will deter professional facilitators and serious organised crime groups from engaging in illicit activities and exploiting systemic vulnerabilities in Australia's taxation and revenue system.
- We made submissions to, and appeared before, the House of Representatives Standing Committee on Tax and Revenue's inquiry into Taxpayer Engagement with the Tax System.

14 Future legal finalisation may achieve further results. The statistics were current as at November 2017.

- We conducted a joint investigation with the United States Drug Enforcement Administration into the illicit activities of a person of interest, which resulted in United States authorities arresting the person of interest. (**Project Lockout2**)
  - That person was believed to be using a form of trade-based money laundering (under- or over-valuing invoices) as a means of transferring considerable value around the world undetected.
  - This disruption produced other discovery benefits including:
    - Identifying the trend that international money launderers and organised crime entities are taking high value items out of Australia, as well as using trade-based money laundering to disguise the global movement of considerable value. They may also be facilitating tax fraud by claiming GST refunds on goods carried out of Australia.
    - Filling gaps in law enforcement understanding of how serious and organised crime entities deal with illicit funds including proceeds of crime.
- We assisted the Western Australia Police Force Proceeds of Crime Squad with investigations into the activities of a Middle Eastern money laundering syndicate believed to have been conducting significant cash collections and subsequent laundering under instruction from a money launderer based in the United Arab Emirates. As a result, more than $2.1 million was seized in May 2018. (**Project Radnor**)

CRIMINAL ASSET CONFISCATION TASKFORCE

Our response to unexplained wealth is through the Criminal Assets Confiscation Taskforce, 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 2017–18 included:

- $39.6 million worth of assets restrained
- $78.5 million worth of assets forfeited.

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 after the long-running Project Wickenby ended.

The Serious Financial Crime Taskforce, led by the Australian Federal Police, 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 2017–18, outcomes included:

- The Serious Financial Crime Taskforce raised more than $207 million in liabilities and collected more than $79 million in cash.
- One criminal matter was successfully prosecuted with a custodial sentence of 10 years and three months.
- The increased capability of the Serious Financial Crime Taskforce enables it to respond to new and emerging risks including transnational crime impacting the Australian tax and superannuation system.

SPOTLIGHT ON PROJECT WHITEBEAM

Through Project Whitebeam, we have worked with national and international partners on a joint project regarding offshore service providers operated by foreign nationals who are actively marketing and facilitating tax evasion. Projects such as Whitebeam will benefit from the direct international collaboration between countries involved in the J5 global tax enforcement initiatives (see Feature on page 57).

We supported Project Whitebeam's strategic intervention and prevention initiatives by providing 29 timely criminal intelligence products, hardening the environment against serious organised crime involvement in offshore tax evasion. Our targeted intelligence collection (using our coercive powers and collection capabilities) and intelligence coordination role contributed to identifying financial crime methodologies, and serious criminal offenders and victims. This further developed Australia's understanding of the extent of serious financial crime affecting Australia's economy. This intelligence has supported the development and implementation of the most appropriate intervention and prevention measures.

We also hosted an inter-agency workshop in November 2017, attended by Project Whitebeam partners. This resulted in us developing a joint response plan on behalf of these agencies.

Recent joint agency investigations in relation to the Panama Papers and the Paradise Papers have resulted in unprecedented cooperation with international agencies including the United Kingdom's Her Majesty's Revenue and Customs (UK HMRC) and the United Kingdom's National Crime Agency (UK NCA).

This work revealed that corporate structures promoted by offshore service providers are particularly useful in concealing the identity of participants in offshore schemes, as well as creating a break in the money trail outside the jurisdiction of Australian or United Kingdom law.

Project Whitebeam partners include the Australian Taxation Office, Australian Federal Police, Australian Securities and Investments Commission, Australian Border Force, AUSTRAC, the UK HMRC, the UK NCA, and other selected overseas investigations and intelligence agencies.

LOOKING FORWARD: FINANCIAL CRIME

In the year ahead we will:

- work with members of J5 to target and disrupt offshore service providers who facilitate international tax evasion and money laundering
- develop intelligence for the Serious Financial Crime Taskforce on entities associated with phoenix activity to support response actions
- evolve understanding and inform the upcoming 2018 Financial Crime Risk Assessment
- produce classified intelligence products on offshore tax evasion and involvement of serious and organised crime in defrauding Commonwealth schemes such as family day care and the National Disability Insurance Scheme.

NATIONAL SECURITY/TERRORISM

Serious and organised crime remains an ongoing 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, which participates in national strategies to strengthen national security and counter-terrorism
- contribution to the national effort to combat foreign fighters.

This work is managed through our National Security Intelligence Hub.

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

Our national security related work during 2017–18 has **expanded relationships and information sharing** between agencies working cooperatively on counter-terrorism intelligence. (**Project Ridgeline-Pinecrest**)

We also contributed a new secondee to the Australian Federal Police National Disruption Group. This is an initiative to strengthen Australia's response to terrorism through operational disruption activities nationally and internationally, with the aim of countering the threat posed by foreign fighters. This will further cement our collaboration by enabling direct liaison with the wider Australian intelligence community.[15] (**Project Ridgeline**)

DISCOVER AND UNDERSTAND

This special operation continues to discover what support Australians are providing to terrorism groups in Iraq and Syria, and beyond.

We conducted **eight coercive examinations**, issued **two notices to produce** documents and produced **25 products with examination material** relating to national security impacts of organised crime.

In total for the period, we produced **67 intelligence products** (one analytical, 66 tactical), which were disseminated 208 times to 31 stakeholders.

In July 2017, we disseminated an information report containing **67 persons of interest** identified as displaying risk indicators associated with lone actors. Sixty-two of these individuals had not been previously identified, and were referred to both the Australian Security Intelligence Organisation and the Australian Federal Police for further investigation. (**Project Ridgeline-Pinecrest**)

We also discovered links between serious and organised crime and counter-terrorism persons of interest, particularly related to returning foreign fighters engaging in serious and organised crime activities including money laundering. (**Project Ridgeline-Blackthorn and Ridgeline**)

15 <www.afp.gov.au/what-we-do/crime-types/fighting-terrorism/national-efforts>

RESPOND

During the year work under our National Security Impacts from Serious and Organised Crime No. 2 Special Operation **enabled effective responses** including the following examples:

- An ACIC strategic insights paper on family day care fraud resulted in the Department of Education and Training implementing a robust compliance regime that is projected to return around $25 million in savings each month. The paper was based on intelligence and information about fraudulent activity linked to several family day care businesses in Sydney with links to terrorist organisations and organised crime. The intelligence was obtained between October 2016 and June 2017 through the use of our coercive examination and notice to produce powers. (**Project Ridgeline-Blackthorn**)
- We developed an understanding of how some Australian charities and not-for-profit organisations were being used to fund terrorism related activities. Our activities identified established serious and organised crime groups involved in large-scale defrauding of the Commonwealth. These groups were also linked to terrorist organisations and were able to facilitate funding of domestic terrorism-related entities and assist with the movement of funds offshore to benefit terrorist organisations.
- We submitted a paper to the review of the Australian Charities and Not-for-Profits Commission legislation. The submission was informed by collection activities performed between 2015 and 2017 that included a series of examinations, which later in 2017 supported the AUSTRAC/Australian Charities and Not-for-Profits Commission's National Risk Assessment on Terrorism Financing and Money Laundering in the Charities sector. The outcomes of our tactical intelligence collection and analysis will now directly inform government policy in the form of the Australian Charities and Not-for-Profits Commission's legislation review. (**Project Ridgeline-Blackthorn**)

LOOKING FORWARD: NATIONAL SECURITY/TERRORISM

In the year ahead we will:

- work to discover and understand the links between Australian citizens involved in terrorist activity/extremism and serious and organised crime
- discover more about the support being given by Australians to terrorism groups in Iraq, Syria and beyond
- participate in and contribute to the Department of Home Affairs' Centre for Counter-Terrorism Coordination and associated forums.

CYBERCRIME

Cyber-related offences present a significant threat to Australians. This includes a wide variety of offences, including identity crime, computer hacking, online money laundering, computer facilitated crime, phishing, botnets, and incidents directed at private and national infrastructure.

We tackle cybercrime through our Cyber-Related Offending Special Operation. This special operation collects and analyses information and intelligence to identify, investigate, disrupt or prevent cyber-related criminal activity.

Work under this special operation is managed under our Cybercrime Intelligence Hub.

CYBER-RELATED OFFENDING SPECIAL OPERATION AND CYBERCRIME INTELLIGENCE HUB

Cyber-related offending is resilient to traditional law enforcement investigations and requires a collaborative approach with our partners.

CONNECT

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

- We developed intelligence to support partner agencies to take disruptive action against cybercriminals targeting Australia.
- We worked with our partners through a number of summits, working groups and alliances.
- We met with the Royal Canadian Mounted Police about the possibility of Canada setting up a cybercrime reporting system similar to the ACORN (see pages 125–126). Feedback about the value of our contribution was very positive. (**Project Longstrike**)

> *'My colleagues and I all found the meeting to be of great benefit to our research—your experience and expertise is invaluable. We are extremely grateful for your time and the wealth of information you provided.'*
>
> **Royal Canadian Mounted Police Senior Analyst**

- We have cybercrime intelligence analysts placed in international secondments with the United Kingdom National Crime Agency, and the United States Federal Bureau of Investigation. We also work with Europol to engage with European intelligence and law enforcement partners.

- Strong collaboration with the Dutch National Police High Tech Crime Unit and the Royal Canadian Mounted Police has yielded significant intelligence dividends including sharing of data, tools, cyber-specific intelligence tradecraft and joint projects around the prioritisation of emerging cybercrime threats.
- We delivered presentations to Australian Cyber Security Centre 2018 Conference, Joint Cyber Security Centres, police jurisdictions, Open Source Intelligence Conference, Organised Crime Forum, and the 5th Cyber Security Symposium on topics including business email compromise, cryptocurrency, ransomware, and cybercrime in Australia. (**Project Longstrike**)
- Our Cybercrime Intelligence Hub is co-located with the new Australian Cyber Security Centre (part of the Australian Signals Directorate), and all Australian Cyber Security Centre partner agencies at the new multi-classification, multi-purpose facility—allowing for great sharing and coordination of efforts across the Government's cybersecurity infrastructure.

DISCOVER AND UNDERSTAND

During 2017–18 through our Cyber-Related Offending Special Operation we conducted **one coercive examination** and issued **three notices to produce** documents.

In total for the period, we produced **202 intelligence products** (12 analytical, 190 tactical), which were disseminated 1,063 times to 75 stakeholders.

We discovered, and provided partners with a better understanding of, methodologies, groups and criminal targets—in particular, identifying **six previously unknown criminal targets** related to cyber offences. For example:

- Through our deployed position in the United States Federal Bureau of Investigation, we participated in four joint efforts in support of priorities agreed to at the International Cybercrime Operations Summit. Our analyst discovered a link between multiple cybercrime campaigns affecting Australia. This discovery provided significant insight into the financial side of the cybercriminals' operations. (**Project Moontide**)
- Our analyst at the Federal Bureau of Investigation also discovered the real-world identity of an Australian based cybercriminal. This cybercriminal was previously of interest to Australian authorities for their involvement in using malware to compromise Australian computers for financial gain. (**Project Longstrike**)
- Joint intelligence projects between the ACIC and the Federal Bureau of Investigation led to the probable real-world identification of a cybercriminal facilitating the cash-out of cybercrime in Australia and Canada. (**Project Longstrike**)
- We identified a syndicate involved in cold calling hotels to initiate malware infections. This was confirmed as a new and relevant lead for a partner agency investigation.
- We discovered information regarding the sale of an illicit substance on the darknet, and provided this to our strategic intelligence team to develop reporting and enhance the understanding of this issue.

- We discovered a new variant of cybercrime activity. This variant was allowing cybercriminals to obtain far greater profits from victims than previously seen via business email compromise. (**Project Longstrike**)
- We produced two strategic assessments on virtual currencies and how cybercriminals use them to fraudulently obtain profits.
- We produced an assessment on a new offending type targeting a specific ethnic group in Australia.
- We produced a strategic assessment informing partner agencies about two ransomware strains that received significant media attention. This product enhanced understanding of the strains.

Through the Australian Cyber Security Centre, we led the cybercrime components of the annual cyber threat assessments. The latest unclassified report was launched on 10 October 2017 by the Minister Assisting the Prime Minister on Cyber Security.[16]

The report:

- highlighted how quickly cybercrime is spreading globally, how rapidly it can adapt to security responses, and the ease with which it can impact an organisation's ability to perform its functions or deliver services
- provided, for the first time, information about how the Australian Cyber Security Centre proactively and reactively responds to cyber threats and raises public awareness.

Also through the Australian Cyber Security Centre, we led the cybercrime component of two quarterly threat reports. These provided a picture of cybercrime in Australia and focused on discovering and understanding emerging trends and methodologies.

During 2017–18, we disseminated products that supported operational activity and increased partner awareness of cybercrime and cyber-related offending. These products included:

- two information reports that informed domestic and international law enforcement partners about new ransomware variants impacting Australia for the first time
- ACORN reports, sent to partner agencies both proactively and in response to requests for information (for further information on ACORN see pages 125–26)
- ACORN bulk data compilations, provided to inform domestic and international partners of cyber-related offences relevant to their area of operations
- information reports informing domestic partners about Australian persons of interest cashing-out large amounts of bitcoin
- a report on the purchase and repurposing of a specific form of malware
- three reports on emerging financially motivated malware strains affecting Australian individuals and businesses

16 The reports is available at <https://acsc.gov.au/publications/ACSC_Threat_Report_2017.pdf>

- two reports informing international and domestic partners about Australian-based cybercriminals facilitating cybercrime internationally
- a report cross-matching ACIC and partner agency holdings to discover new ways to operationalise these holdings
- an information report that provided visibility of emerging cybercrime trends Northern Territory Police were not previously aware of.

In addition:

- Our cybercrime intelligence analyst deployed to the United Kingdom National Crime Agency led the development of United Kingdom national assessments on serious and organised cybercrime groups impacting the United Kingdom and other Five Eyes countries.
- A joint United States Federal Bureau of Investigation/Royal Canadian Mounted Police/United Kingdom National Crime Agency/ACIC strategic assessment on ransomware provided an informative and comprehensive baseline assessment that could be used to launch future collaboration.

RESPOND

During the year work under our Cyber-Related Offending Special Operation and through our Cybercrime Intelligence Hub **enabled effective responses** including the following examples:

- In November 2017, together with the Australian Federal Police, we participated in the Europol Money Mule Action. This involved Australian Federal Police conducting a week of doorknocks, as well as an awareness campaign advising the public of ways to avoid becoming a mule (#dontbeamule).
- We informed government agencies about crime prevention opportunities related to fraudulent mobile number porting through two strategic insights reports.
- We supported the 2018 Commonwealth Games Technical Operations Centre by monitoring and analysing live ACORN data and feeding any resulting information and intelligence into the Technical Operations Centre, between 26 March and 15 April 2018.

SPOTLIGHT ON WESTERN UNION FUNDS

In January 2018, we disseminated 2,898 emails alerting members of the public that they may be eligible for refund of Western Union funds.

Western Union reached an agreement with the United States Department of Justice and Federal Trade Commission to make available a pool of US$586 million to victims who sent money to scammers via Western Union transfer between 1 January 2004 and 19 January 2017.

LOOKING FORWARD: CYBERCRIME

In the year ahead we will:

- produce intelligence to inform domestic and international partners' understanding of cybercrime and cybercriminals
- contribute to the discovery and understanding of, and inform responses to, cybercrime and cyber-enabled activities against Australians and Australia's interests
- connect with partners and industry through domestic and international forums
- produce classified assessments to improve understanding of the cybercrime threat at a global and domestic level, and contribute to Australian Cyber Security Centre reports
- monitor and forecast emerging cybercrime trends.

ILLICIT DRUGS

The illicit drug trade generates billions of dollars of 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. 3 Special Operation.

Work under this special operation is managed through our Drugs Intelligence Hub.

HIGH RISK AND EMERGING DRUGS NO. 3 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 connect 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 and to establish the size of the illicit markets
- establishing and consolidating relationships with public and private sector entities and academic institutions to permit those entities to incorporate data from the National Wastewater Drug Monitoring Program into their planning processes, research and decision-making.

Specifically, during 2017–18, our analysis identified that more than 800 kilograms of crystal methylamphetamine has likely been imported since the start of 2017 by an unknown Asian serious and organised crime syndicate, destined primarily for two known syndicates operating within Australia. It is also estimated 400 kilograms of crystal methylamphetamine concealed via very similar methodologies and consignments in 2016 were imported by the same syndicate to the same Australian customers.

This equates to an international serious and organised crime syndicate likely importing more than 1.2 tonnes of crystal methylamphetamine into Australia in 20 months using this one methodology.

We connected three current Australian law enforcement agency investigations to these syndicates, and our work also led to another Australian Federal Police operation. (**Project Baystone-Pickard**)

DISCOVER AND UNDERSTAND

During the year, we conducted **104 coercive examinations**, issued **67 notices to produce** documents, and produced **26 products with examination material** relating to high risk and emerging drugs.

We produced **234 intelligence products** (26 analytical, 208 tactical), which were disseminated 730 times to 72 stakeholders.

We discovered, and provided partners with a better understanding of, methodologies, groups and criminal targets, in particular, identifying 26 previously unknown criminal targets. Additionally we discovered that two known criminal targets were now involved in new areas of criminality.[17]

Our work to **discover new and emerging threats and fill intelligence gaps** included the following examples:

- Operational assessments informed by our examinations and notices identified threats to the border, including for international partners, and the identities of people organising drug shipments to Australia.
- We identified that a small carfentanil market exists in Australia, supplied by domestic and overseas entities through the darkweb.[18]
- We shared a classified assessment concerning the fentanyl market in Australia.

17 'New' related to the discovery of the criminal target being involved in previously unknown areas of criminality, for example a target known for drugs new to cybercrime, rather than the discovery of completely new areas of criminality.

18 Carfentanil or carfentanyl is an analog of the synthetic opioid analgesic fentanyl. A unit of carfentanil is 100 times as potent as the same amount of fentanyl, 5,000 times as potent as a unit of heroin, and 10,000 times as potent as a unit of morphine.

- We identified novel illicit drug manufacturing techniques and chemicals being used to defeat existing controls. We will use assessments as case studies to justify more comprehensive precursor controls, particularly at the border.

Our work to **build understanding and guide strategies** included the following examples:

- Examinations and notices to produce documents were used to collect and build understanding through intelligence on drug importation networks and exploitation of the hydroponics industry by organised crime groups.
- During November 2017, the National Anti-Gangs Squad, led by the Australian Federal Police, charged 117 people with 234 offences during a two-night operation targeting methylamphetamine trafficking in regional areas of Australia (see more on gangs from page 102).
  - Operations were conducted in 14 locations, selected based on data from our National Wastewater Drug Monitoring Program in at least two jurisdictions. This is an example of the intended use of results from the program to influence operational decision-making. (**Project Baystone-Askella**)
- We released the second, third and fourth reports from the National Wastewater Drug Monitoring Program this year. This program provides concrete data to inform policy in the health, education, law enforcement and not-for-profit sectors.
  - The reports were favourably received by European and United States agencies, where use of wastewater analysis continues to evolve. (**Project Baystone-Askella**)
  - Our most recent wastewater analysis report, released in April 2018, highlights the level of demand for ice and related drugs, assisting partner agencies to measure the success of efforts to combat these drugs.

> *'Record seizures are one thing, [but] usage is probably the better determinant as to whether you're being successful or not. There's definitely been a reduction [but] we probably need to wait another one or two wastewater analysis samples to determine what sort.'*
>
> **Neil Gaughan, Assistant Commissioner, Australian Federal Police**

- We also receive semi-regular requests from state and local government agencies and academic institutions to provide results of wastewater analysis to inform their decision-making and operational activity and for comparison with other data sets.
- Following a number of investigations that resulted in illicit tobacco seizures, we confirmed that sophisticated transnational crime groups are now using the same methodologies to import illicit tobacco as they use for illicit drugs. (**Project Baystone-Askella**)
- We contributed specialist knowledge to the production of a United Nations Office on Drugs and Crime product on *Clandestine Manufacture of Substances under International Control*. (**Project Baystone-Askella**)

RESPOND

During 2017–18 **our intelligence supported responses** undertaken with and by partners, including:

- two 'significant' disruptions
- 33 apprehensions
- 65 charges
- six convictions
- $4.19 million cash seized
- $272.31 million estimated street value of drugs seized
- $32.60 million potential excise value of tobacco seized
- 12 firearms seized.

We conducted selective investigations to resolve intelligence gaps, and target and disrupt domestic and transnational drug networks, with a significant impact on domestic drug markets including the following examples:

- In November, the New South Wales Police Force arrested three people and seized 700 kilograms of cocaine (estimated street value of $245 million) as part of an ACIC-led joint agency effort. (**Project Baystone-Swaled**)
- We have implemented a number of responses to identify and disrupt specific online and darkweb sources of opioid supply with other stakeholder agencies. (**Project Andronicus-Linden**)
- One person who was convicted following an investigation we were involved in has now been deported, and another will be deported once they have served a term of imprisonment. (**Project Baystone-Askella**)
- Intelligence we referred to the New South Wales Police Force led to the location of a large clandestine laboratory in rural New South Wales, and resulted in the arrest and charging of three people involved in manufacturing methylamphetamine on a commercial scale. (**Project Baystone-Nisbet**)
- Our work also led to the seizure of 48 million illicitly imported cigarette sticks and 213 kilograms of tobacco molasses with a potential estimated street value of more than $32 million. (**Project Baystone-Askella**)
- Two men were charged under Strike Force Mangowa[19] in relation to the intended supply of 900 kilograms of cocaine (estimated street value of $315 million) and related money laundering offences. (**Project Baystone-Yantara**)
- In October 2017, Australian Border Force seized approximately 27.5 kilograms of crystal methylamphetamine concealed inside 11 motorcycle cylinder blocks destined for addresses in New South Wales, South Australia and Queensland. (**Project Baystone-Pickard**)

19 Strike Force Mangowa is a joint investigation between the ACIC and the New South Wales Police Force Organised Crime Squad.

- One of the principal aims of the National Wastewater Drug Monitoring Program is to promote the use of the collected data to drive broader responses to drug markets. Agencies have used findings from the first four reports to shape local responses—evidence the program is providing meaningful and actionable intelligence to inform Australia's response to drug supply and demand. (**Project Baystone-Askella**)

LOOKING FORWARD: ILLICIT DRUGS

In the year ahead we will:

- discover and respond to organised crime groups supplying drugs to regional and remote communities
- improve understanding of changes in the methylamphetamine, cocaine and illicit pharmaceuticals markets
- discover medical and health professionals who act as facilitators of drug-related organised crime
- consolidate our understanding of the organised crime footprint in the cannabis market and performance and image enhancing drugs market, and connect with partners to inform responses
- release three more National Wastewater Drug Monitoring Program reports and further develop understanding of illicit drug markets by integrating this data with other relevant data
- produce an updated national methylamphetamine assessment to understand market trends
- improve understanding of the illicit tobacco market to support national responses.

CRIMINAL GANGS

Outlaw motorcycle gangs 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
- provision and coordination of intelligence and information to National Task Force Morpheus (see page 105).

Supporting information systems and services include the National Gangs List.

Our work in this area is managed through our Gangs Intelligence Hub.

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.

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.

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.

In addition, the AGICC continues to provide an accurate, contemporary gang database that informs whole-of-government understanding of the national gang environment. The AGICC, via our Gangs Intelligence Hub, ensures gang-related information and intelligence is nationally accessible.

For example:

- The AGICC responded to **338 requests for information** this year.
- The AGICC's multi-agency intelligence capability enables us to quickly draw relevant information and intelligence from a range of databases and sources and ensure that responses to requests for information are current and of high value.
- The AGICC also facilitates timely sharing of information and intelligence on behalf of National Task Force Morpheus. This includes alerting associated jurisdictions of nationally significant critical incidents.
- In addition, the AGICC drives national intelligence exchange by facilitating a regular forum for analysts to share gang intelligence and highlight emerging threats.

DISCOVER AND UNDERSTAND

Through our Outlaw Motor Cycle Gangs Special Operation, we conducted **11 coercive examinations**, issued **42 notices to produce** documents and produced **11 products with examination material** relating to OMCGs.

We produced **215 intelligence products** (17 analytical, 198 tactical), which were disseminated 712 times to 66 stakeholders.

We have **built a greater understanding of OMCGs** and their activities in a variety of ways including the following examples:

- Intelligence coordination on behalf of National Task Force Morpheus assisted in identifying a significant number of previously unknown OMCG members and associates.
- Suspected criminal offending by OMCGs and potential risks to public and private sector organisations were discovered through OMCG data matching and reported in AGICC intelligence products.
- The AGICC disseminated to law enforcement partners material to assist frontline officers and investigators to identify OMCG targets and assess their potential level of influence and threat.
- The AGICC produced an intelligence brief in relation to the national expansion of an international gang, which is now represented in every Australian state and territory. This product identifies links to the Australian chapters of the gang, its links to serious organised crime, the emerging threat the gang poses, and considerations for law enforcement.
- The AGICC produced an intelligence brief on a group of high risk OMCGs impacting on Australia from offshore, assisting the Australian Federal Police to engage relevant authorities regarding the serious organised crime threat posed by OMCGs.
- A strategy of the Gangs Intelligence Hub has been to discover and understand OMCG enterprise structures that support the acquisition, accumulation and concealment of criminal wealth. A key component of this strategy has been the ongoing appropriate use of ACIC coercive powers to collect financial intelligence and identify criminal assets. The AGICC has disseminated financial intelligence to support asset confiscation and enforcement action by partners.

RESPOND

The AGICC's strategic assessments **assisted with responses** during the year, to focus on the highest risk OMCGs. For example:

- Intelligence products produced by AGICC improved the collective understanding of the nature of OMCG serious and organised crime activity and assisted in developing and implementing responses through crime prevention and disruption strategies.

- The AGICC also provides tactical intelligence support to partners. Many requests for information received by the AGICC related to recent criminal offending and in some cases, unfolding incidents. Responses are therefore time critical and the AGICC's multi-agency intelligence capability facilitates timely responses.
- The AGICC has also coordinated intelligence exchange in connection with OMCG international travel movements and worked collaboratively with Australian Border Force, the Australian Federal Police, state and territory police and foreign border agencies, to implement disruption strategies and achieve law enforcement outcomes at the border.

LOOKING FORWARD: CRIMINAL GANGS

In the year ahead we will:

- enhance understanding of gang membership
- discover targets and develop disruption strategies with our partners to target and confiscate criminal assets of gangs
- fill intelligence gaps and assess the level of threat posed to Australia by OMCGs and other known gangs
- inform and support response strategies of National Task Force Morpheus as well as the National Anti-Gangs Squad led by the Australian Federal Police
- produce a classified National Gangs Report on gang trends that threaten national security, public safety, economic interests and law enforcement operations
- produce classified intelligence on criminal gangs.

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 motorcycle 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.

In 2017–18 Morpheus achievements included:

- 2,336 arrests, summonses and court attendance notices and 4,343 charges
- 439 firearms seized
- $4.5 million in cash seized
- $1 million in alcohol and jewellery seized.

ILLICIT FIREARMS

The use and movement of illicit firearms is a serious national problem. It impacts every Australian jurisdiction and affects the safety of our community. Despite Australia having some of the strongest firearm controls in the world, illicit firearms remain a desirable commodity and enabler of criminal activity. The demand for and supply of illicit firearms in Australia is driven by a range of entities, from organised crime groups to low-level individual criminals. They continue to seek, acquire and use firearms to enable their criminal business, whether it is to protect their interests, to intimidate or to commit acts of violence.

We address illicit firearms through our:

- Firearm Trafficking Special Operation
- provision of information to support development of government policy
- National Firearm Trace Program.

Supporting information systems and services include national firearms databases and networks (see page 122–124).

Our work in this area is managed through our Firearms Intelligence Hub.

FIREARM TRAFFICKING SPECIAL OPERATION AND FIREARMS INTELLIGENCE HUB

Our Firearms Intelligence Hub brings together all relevant ACIC business areas to deliver an integrated ACIC firearm response. This includes investigations, intelligence, the National Firearm Trace Program, policy, and information and communications technology.

CONNECT

We **helped connect partners and maintained strong collaborative relationships** through our firearms work, including the following examples:

- We further enhanced the National Firearm Trace Program, through an industry outreach initiative to formalise the cooperation and assistance of private industry in Australia, the United States and Europe through memorandums of understanding to provide firearm trace information to the ACIC.
- Our subject matter experts represented Australia at the United Nations Programme of Action (POA) to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects Third Review Conference and an associated preparatory symposium. Through our participation, we are Australia's nominated focal point for the submission of international firearm trace requests to Australia.
- We presented on firearm identification and tracing to a World Customs Organization Asia/Pacific Regional Workshop on Small Arms and Light Weapons.

- As Australia's focal point for the United Nations Office on Drugs and Crime Illicit Arms Flows Questionnaire—a global data collection initiative in the field of firearm trafficking—we coordinate a national collection from our Commonwealth, state and territory partners for consolidation and submission to the UNODC.

During 2017–18 we also participated in several national groups responding to the threat of illicit firearms, including:

- National Illicit Firearms Strategy Advisory Group. As the convenor of this group's intelligence sub-committee, we led discussions to develop a consolidated national list of persons of interest in the illicit firearms market, contributed to the development of a national intelligence collection plan, and undertook intelligence analysis relating to the interstate transfer of firearms and on the classification of antique firearms. Members of the intelligence sub-committee also worked collectively to identify persons of interest trading illicit firearms in both the unencrypted clearnet and the darknet, and used bulk data analysis across national intelligence holdings to identify active illicit firearm traffickers.
- National Firearms and Weapons Policy Working Group. We provide this group with subject matter advice and expertise in firearms policy, technical matters, intelligence and operational matters and contribute to discussions on the development of policy issues surrounding the illicit firearm market.
- Australian Federal Police Combating Illicit Firearms Program Board. Through our observer status and participation, we provide the Australian Federal Police with complementary and unique firearm intelligence capabilities.
- We are on two state police firearm technical panels that focus on the correct categorisation of firearms according to state legislation, working within the framework of the revised 2017 National Firearms Agreement.
- We collaborate on the biannual New South Wales Police Advanced Identification and Tracing of Firearms and Components Course, delivering modules on firearm identification tracing and firearm registration and licensing.

DISCOVER AND UNDERSTAND

During the year we responded to **801 requests for information** regarding firearms—720 with information and 81 with nil holdings.

We conducted **30 coercive examinations**, issued **six notices to produce** documents and produced **50 products with examination material** relating to illicit firearms.

We produced **443 intelligence products** (seven analytical, 436 tactical), which were disseminated 747 times to 48 stakeholders.

We discovered, and provided partners with a better understanding of, diversion methodologies, emerging firearm technologies, groups and criminal targets related to firearms trafficking. Recipients included international, Commonwealth, state and territory agencies, both law enforcement and non-law enforcement. Additionally, we discovered that two known criminal targets were now involved in firearms crimes.

Our Firearm Intelligence Hub held **seven examination programs** in New South Wales, Victoria, Western Australia, Queensland and the Northern Territory during the reporting period.

These examinations focused on federally relevant criminal activity and on gathering information and intelligence including:

- the importation and trafficking of illicit firearms and parts
- persons involved in illicit firearm trafficking networks
- the criminal use of illicit firearms
- the conversion of imported blank firing handguns to live ammunition capability
- firearm use in homicides and non-fatal shootings
- likely ownership and location of specific firearms
- identification of previously unknown targets involved in drug and firearm trafficking and illegal firearm conversions
- information about the lending of an illicit firearm for use in criminal activity.

RESPOND

During 2017–18 our activities in relation to illicit firearms **supported responses** including the following examples:

- Our intelligence supported responses undertaken with and by partners, resulting in 53 firearms being seized and surrendered.
- Examinations led to recovery or surrender of 53 firearms including 10 handguns and provided intelligence concerning the extent to which serious and organised crime is involved in the illicit firearm market within New South Wales, Victoria, Western Australia, the Northern Territory, Queensland and nationally.
- The Australian Taxation Office issued revised taxation assessments against a person of interest, the subject of a firearm investigation, and issued a garnishee notice for $149,850 that the New South Wales Police Force seized from a person of interest—these responses resulted from Australian Taxation Office audit activity in support of a referral we provided to the Criminal Assets Confiscation Taskforce (see page 89).

SPOTLIGHT ON THE THREAT POSED BY CONVERTED BLANK FIRING FIREARMS

Replica blank firing firearms are designed to appear like genuine firearms and discharge blank ammunition. These pistols are primarily designed for use as props in movie production or as starting pistols for athletics competitions.

Blank firing firearms converted to live fire have been used in non-fatal shootings, and found in possession of people associated with OMCGs, drug distribution and violence.

While converted blank firing firearms are not as reliable as conventional firearms, they can still be used to threaten or harm individuals, and pose an ongoing threat to law enforcement officers and the community.

Our assessments have highlighted a number of legislative and regulatory vulnerabilities related to the importation of blank firing firearms. This has contributed to a series of legislative, policy and regulatory reviews.

LOOKING FORWARD: ILLICIT FIREARMS

In the year ahead we will:

- work with partner agencies to discover people involved in the importation, diversion and illicit trafficking of firearms, firearm parts and ammunition
- monitor and understand the licit and illicit firearms markets through the National Firearm Trace Program
- discover vulnerabilities in the legal acquisition, trading or disposal of firearms that criminals can exploit
- influence and inform national strategies and policies to respond to firearm-related threats to Australia
- connect our partners to firearm-related information and intelligence to respond to crime
- produce classified intelligence insights and assessments to improve understanding of serious and organised crime threats, groups, vulnerabilities and methodologies associated with the illicit firearm market.

EMERGING THREATS

Serious and organised crime threats affect Australian society, institutions, markets, sectors and the economy. We identify, investigate and disrupt such threats. For example, we consider threats such as illegal bookmaking, child sexual exploitation and encrypted communications. We also improve understanding of vulnerabilities in the migration system and deliver intelligence on enablers and methodologies used by serious and organised crime, including professional facilitators who provide expertise and support to organised crime groups.

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

- Emerging Organised Crime Threats No. 2 Special Operation
- Criminal Exploitation of Australia's Migration System Special Operation.

Our work in this area is managed through our Emerging Threats Intelligence Hub.

EMERGING ORGANISED CRIME THREATS NO. 2 SPECIAL OPERATION

This special operation aims to discover, understand and respond to a broad spectrum of serious and organised crime threats and enablers that impact on the Australian economy's markets and sectors.

CONNECT

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

- In partnership with the Department of Health's National Integrity of Sport Unit, we have established the Sports Betting Integrity Unit within the ACIC. Through this partnership we developed the Sports Integrity Threat Assessment Methodology, which is now also being adopted by international partners. Relationships with the integrity units of sports agencies have also enabled feeds of intelligence directly to our Sports Betting Integrity Unit. (**Project Petram**)
- In April 2018, an ACIC senior analyst attended the 6th Group of Copenhagen[20] (GoC) Meeting in Lisbon, Portugal, following an invitation from the Secretary of the Convention on the Manipulation of Sports Competitions (Macolin Convention). The GoC is a network of the national platforms (equivalents of our Sports Betting Integrity Unit) from 21 countries. Australia is the first non-European Union nation to be invited to participate. Our Sports Betting Integrity Unit is now acting as Australia's national platform. (**Project Petram**)

DISCOVER AND UNDERSTAND

In 2017–18 we conducted **18 coercive examinations**, issued **33 notices to produce** documents and produced **16 products with examination material** relating to emerging threats.

In total for the period, we produced **100 intelligence products** (13 analytical, 87 tactical), which were disseminated 486 times to 78 stakeholders.

We discovered, and provided partners with a better understanding of, methodologies, groups and criminal targets—in particular, identifying **21 previously unknown criminal targets** related to emerging threats.

20 The GoC was established in July 2016 at the initiative of the Council of Europe, to actively engage countries in systematic actions against the manipulation of sport competitions.

We **built greater understanding,** including through the following activities:

- We undertook an environmental scan of the Phantom Secure network (see feature on page 119):[21] (**Project Narrow**)
  - We consolidated contemporary intelligence regarding key facilitators of encrypted communications, and use by serious and organised crime entities domestically and internationally.
  - We presented this scan to the international Five Eyes Law Enforcement Group, to further inform strategic targeting options for our FELEG partners offshore and within Australia.
- We identified individuals with child sex offences in family day care provider data: (**Project Narrow**)
  - We identified aspects of bulk data that had not been accessed previously to discover key risks within the environment (for example, identifying specific child sex offenders and matching known child sex offenders with day care providers to assess the risks).
- We identified links to serious and organised crime entities involved in large-scale illicit tobacco importations, and associated money laundering activities in multiple Australian states. Working with our Australian Border Force partners, we developed key targeting strategies, and the ability to successfully target the network. This provided strong insights leading to the establishment of the national Illicit Tobacco Taskforce, led by Australian Border Force. (**Project Narrow** and **Project Venti**)
- We engaged with industry stakeholders, and developed key relationships and data collection capabilities, to enable wider pattern analysis to identify vulnerabilities within the air and sea transport sectors. This refined data enabled ongoing and more focused identification of people seeking to subvert existing checks and balances and exploit these sectors for organised crime activities. This work has been instructive in developing future analytical capabilities to better target serious organised crime. (**Project Orbis**)
- Through our work, we enabled sporting entities to gain a wider understanding of the threat posed to their sports from unregulated offshore wagering platforms and exposed vulnerabilities to serious and organised crime infiltration and manipulation of sporting events. (**Project Petram**)
- We cross-referenced data from national policing systems, bulk data holdings and ACIC systems to identify non-citizens with child sexual offences. This identified approximately 250,000 offences, attributable to about 50,000 people. We are now undertaking further matching across the Department of Home Affairs' systems (**Project Narrow**).

21 Canada-based company, Phantom Secure, was a criminal enterprise that provided secure, peer-to-peer communications to high-level drug traffickers and other criminal organisation leaders.

- Through assessing and mapping the encrypted communications provider environment, we provided advice and key domestic and international links to stakeholders to understand vulnerabilities and develop targeting options. This included advice relating to the highest level serious and organised crime entities and Australian Priority Organisation Targets. (**Project Narrow**)

Our work led to **guiding strategies** including the following examples:

- Our briefings on Project Petram to foreign law enforcement agencies assisted current investigations by identifying potential money laundering target opportunities using unregulated offshore wagering platforms, and informing the development of intelligence around an offshore target. (**Project Petram**)
- Our activities have resulted in providing key guidance to the Review of Australia's Sports Integrity Arrangements 'Wood Inquiry', in relation to unregulated bookmakers. (**Project Petram**)
- Through our Sports Betting Integrity Unit, Australia's first betting 'alert' was disclosed to regulators in June 2018, recommending increased surveillance on a particular match, for disparate betting patterns and irregular actions within the identified event. Our Sports Betting Integrity Unit is Australia's principal point of contact for a wide range of international partners involved in protecting and maintaining sports integrity around the world.
- We worked with a wide range of international partners, such as the Group of Copenhagen, to monitor major international events such as the 2018 FIFA World Cup in Russia.
- We identified a major international wagering service provider using various strategies to anonymise betting accounts, which was seeking to enter a new international market. This information was new to the relevant national regulator and formed the basis of further due diligence and ongoing liaison with the national regulator. The national regulator advised that our information provided new insights, which were used to address integrity concerns about this international wagering service provider, and strengthen the betting integrity landscape in the relevant jurisdiction. (**Project Petram**)
- Our intelligence helped identify likely ineligible solar panels that may have been introduced into the Small-scale Renewable Energy Scheme:
  - We estimated the number of solar panels that were 'likely' and 'possibly' not eligible for the Small-scale Renewable Energy Scheme.
  - We highlighted the intelligence gap—the extent to which these suspected inferior solar panels were used in installations, leading to the creation of tradable small-scale technology certificates. This is an example of potential organised fraud related actions targeting government programs.

RESPOND

During 2017–18 our intelligence **supported responses** undertaken with and by partners, including:

- three 'severe' disruptions
- four apprehensions
- four charges
- one person convicted
- $1.97 million cash seized
- $39.80 million potential excise value of tobacco seized.

In addition:

- Guidance provided by our Sports Betting Integrity Unit led to the World Surf League implementing strategies to reduce the threat of competition manipulation. (**Project Petram**)
- We briefed an overseas gambling authority about integrity concerns related to offshore international bookmakers. As a result, the gambling authority was able to use the key insights and information provided to conduct further due diligence, with a major bookmaker being denied a licence in the jurisdiction due to integrity concerns. (**Project Petram**)
- In April 2018, a person of interest was sentenced to eight years in jail, with a five year non-parole period, for 14 counts of obtaining financial advantage by deception over a three year period.

CRIMINAL EXPLOITATION OF AUSTRALIA'S MIGRATION SYSTEM SPECIAL OPERATION

Visa and migration fraud poses 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 and migration fraud due to the nature and sophistication of the onshore and offshore entities involved.

We work in partnership with the Department of Home Affairs 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 **helped and connected partners** as we worked together to develop and share intelligence that informed national responses.

Embedding ACIC capabilities within Australian Border Force and the Department of Home Affairs resulted in the Department's Taskforce Cadena targeting the highest threat migration agents and facilitators of illegal labour hire.

DISCOVER AND UNDERSTAND

During the year we conducted **13 coercive examinations** and produced **18 products with examination material** relating to threats to the migration system.

We produced **42 intelligence products** (five analytical, 37 tactical), which were disseminated 165 times to 36 stakeholders.

In addition:

- As a result of our work under this special operation, we developed key intelligence holdings about a significant number of Malaysian visa applicants who were breaching the migration system and circumventing migration controls. This included identifying key labour hire facilitators in Malaysia and Australia who were involved in serious and organised crime activity. We also identified facilitation of migration within Malaysia, including through corrupt officials. This work enabled the Department of Home Affairs/Australian Border Force to undertake focused targeting of entities involved. (**Project Jacto**)
- The work undertaken through this special operation is now seen as a key pillar of capability within the Home Affairs Portfolio, including embedded capabilities with Taskforce Cadena to target a number of illegal labour hire syndicates. Our work to develop the understanding of the environment has led to a revised focus on illegal labour hire providers and abuses within the industry. (**Project Jacto**)
- We performed bulk data matching in support of migration fraud investigations by partner agencies—the Department of Home Affairs, Australian Federal Police and the Australian Commission for Law Enforcement Integrity—informing targeting options. (**Project Jacto**)
- We consolidated intelligence holdings across numerous disparate systems, providing a risk-based understanding of the migration agents of highest threat within the cohort. This has enabled the Department of Home Affairs/Australian Border Force to undertake focused targeting of these entities. (**Project Jacto**)
- We worked with the Department of Home Affairs, and used our coercive capabilities to gain a wider understanding of education agents, including falsification of educational qualifications and visa applications, systemic fraud across the education agent sector, and student visa holders engaging in sexual services to supplement incomes. This work has provided scope to undertake future case studies and increase understanding of the education agent cohort, and possible tightening of governance and policy across the industry. (**Project Jacto**)

- Through the use of coercive examinations, we were able to provide strategic direction to the Department of Home Affairs in its investigations into applications for regional skilled migration visas. This enabled key insights into the manipulation of systems by a suspect who submitted in excess of 100 applications. This includes payment for visas, and fraudulently obtaining visas for wealthy Hong Kong nationals. (**Project Jacto**)
- Serious and organised crime entities are fraudulently obtaining genuine overseas passports to enter Australia and facilitate criminal activities. Our intelligence indicated the involvement of criminal syndicates and corrupt officials from at least two different overseas government offices. As a result, several members or associates of a syndicate were arrested in Australia, having entered the country using fraudulently obtained genuine passports. (**Project Jacto**)
- The special operation was able to develop intelligence regarding an offshore hacking group, which was harvesting Australian citizens' biographical data (bio-data) in order to compromise accounts and identities. The group obtained significant amounts of bio-data, including credit cards, bank accounts, and compromised Australian citizen details. The work included an understanding of the capabilities used by the offshore hacking groups, the ability to harvest and then sell the datasets and vulnerabilities exposed once the bio-data was obtained. (**Project Narrow-Perdita**)

RESPOND

During 2017–18 work under our Criminal Exploitation of Australia's Migration System Special Operation **contributed to prevention and disruption activities** by partner agencies, including one 'significant' disruption.

In addition, on 8 February 2018, a person of interest was removed from Australia after they were successfully prosecuted for migration-related offences. The person was convicted of five charges and received a $5,000 fine and time served in detention. They were also referred to the Royal Malaysian Police. This related to a joint investigation with the then Department of Immigration and Border Protection in 2017. (**Project Jacto**)

LOOKING FORWARD: EMERGING THREATS

In the year ahead we will:

- discover links between illegal bookmaking and Australian serious and organised crime
- discover groups who profit from the illegal use of visas, and improve understanding of the vulnerabilities of the visa and migration frameworks in Australia, corrupt education providers, illegal labour hire and facilitators of visa and migration fraud
- understand methodologies used to import illicit tobacco and provide intelligence to help respond to organised crime syndicates posing a threat to Australia
- understand the threat posed to Australia by human trafficking, modern slavery and servitude type offending
- develop strategic intelligence products to improve understanding of child exploitation
- develop intelligence on impacts of serious and organised crime infiltration of the transport and logistics environment.

FEATURE: TARGETING ILLICIT TOBACCO

Tobacco is one of the most highly taxed commodities in Australia. Serious and organised crime groups find it attractive, as lucrative profits can be made through tax evasion and most of these profits are channelled back into organised crime.

Illicit tobacco results in approximately $600 million in lost revenue for the Australian Government each year. This is revenue that could be used for essential community services.

Project Venti began in June 2017 to develop an understanding of the transnational crime groups undertaking significant money laundering activities, and involvement in illicit tobacco importation.

We participated in this complex, long-running investigation, which used the resources of multiple agencies, including Australian Border Force and the Queensland Police Service.

The investigation significantly disrupted the illicit tobacco market in Australia with over 56 million cigarettes seized in nine separate consignments. The consignments ranged from 131,800 to more than 20 million cigarettes. Some were concealed among other legitimate goods; in other cases entire containers were deliberately mislabelled.

In total, the cigarettes represented almost $40 million in evaded duty, while over $1.7 million in cash was also seized.

This operation is an example of what can be achieved when we work with our state and federal law enforcement and intelligence partners.

This approach has been further strengthened with the formation of the Illicit Tobacco Task Force. This task force was a recommendation of the Government's Black Economy Taskforce, which was established in late 2016 to develop an innovative, forward-looking, multi-pronged policy response to combat the black economy in Australia. The black economy refers to people who operate entirely outside the tax and regulatory system.

Established on 1 July 2018, the Illicit Tobacco Task Force will investigate, prosecute and dismantle international organised crime groups, who use the proceeds of illicit tobacco to fund other criminal activity. It will also ensure the appropriate revenue is paid to the Australian Government. We are part of this new task force, which is led by the Australian Border Force, and also includes the Australian Taxation Office, Commonwealth Director of Public Prosecutions and AUSTRAC.

HIGHLIGHTS OF NATIONAL INFORMATION AND INTELLIGENCE SHARING SERVICES IN 2017–18

Implemented a web-based **Court Portal** to enable **domestic violence orders** to be shared between police and courts across Australia

Implemented a national **DNA investigative capability** to support and enhance familial searching and matching

Completed enhancements to the **National Child Offender System**

Implemented enhancements to allow non-policing agencies limited access to the **National Police Reference System**

Completed work to develop the **Australian Firearms Information Network** capability, with the integration of the network into partner systems to be the next phase

Enhanced the search capability of the **National Police Checking Service** Support System.

91% of stakeholders surveyed indicated that our information and intelligence services and systems were of value, or of great value

92% 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.

FEATURE: INTERNATIONAL EFFORT SMASHES SYNDICATE RUNNING ENCRYPTION PLATFORM

In March 2018 we worked with Australian, United States and Canadian law enforcement partners to successfully dismantle a sophisticated criminal enterprise—Phantom Secure. The Canadian company and its principals were targeted for aiding and abetting criminal organisations by knowingly providing them with secure encrypted communications. The devices allowed criminals to 'go dark' and evade law enforcement while committing crimes such as transnational drug trafficking.

Working with our international partners, we played a significant role in developing an understanding of the domestic and international encrypted communications environment and providing specialist technical advice.

Law enforcement agencies across multiple continents worked together to dismantle the network infrastructure of Phantom Secure—located in various offshore jurisdictions—disabling the encrypted platform and the thousands of secure devices that used the platform.

Five men were indicted in the United States in connection with the operations of Phantom Secure, including the company's CEO. They were charged with knowingly participating in a criminal enterprise that facilitated the transnational importation and distribution of narcotics through the sale and service of encrypted communications.

Australian authorities executed 19 search warrants across four states as part of the international disruption action on 6 March 2018, and more than 1,000 encrypted mobile devices were seized.

Australia previously had the highest uptake of Phantom Secure devices globally. Australian authorities allege Phantom Secure was the first encrypted communication platform available on a wholesale scale in Australia, and was the largest single supplier to the Australian organised crime market. The number of these devices sold and used in Australia since inception is estimated to be well in excess of 10,000—the company's largest customer base.

The takedown of Phantom Secure's global operations, infrastructure and client base in Australia had a significant disruptive effect on transnational serious organised crime groups. Encrypted platforms provide scope for serious and organised crime to operate and law enforcement will remain vigilant to shifts in the environment to continue to disrupt such enterprises.

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 crime, including 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 policing 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 policing 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 2017–18 we continued to provide a high level of service and progressed and delivered on a number of our planned enhancements. We also adjusted a number of our plans to take into account changes in the environment, partner requirements or emerging risks.

FRONTLINE SERVICES—PEOPLE

These systems 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 more than 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 2017–18 we made enhancements to allow non-policing agencies limited access to the National Police Reference System.

During 2017–18:

- 60,900 users accessed the system
- there was a total of 11.79 million records and 10.01 million photos
- 27.48 million person searches were conducted—a reduction from last year due to partner agency technology changes
- the system was available 99.1 per cent of the time.

NATIONAL NAMES INDEX

This index supports police and wider law enforcement by providing high level snapshots 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 (see pages 135–137).

During 2017–18 we improved search capabilities for the National Police Reference System's Support Systems to allow non-policing agencies limited access to people information in the National Police Reference System. The reduction in National Names Index searches this year reflects the move to new systems for this capability.

During 2017–18:

- 1.20 million searches were conducted
- there were 10.13 million total records
- the index was available 100 per cent of the time.

LOOKING FORWARD: FRONTLINE SERVICES—PEOPLE

National Policing Information Hub

We progressed our 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 131–132 for more on NCIS.

National Names Index

We will retire the National Names Index in late 2018, as a result of the enhancements we are making to move to new systems for this capability.

FRONTLINE SERVICES—FIREARMS AND BALLISTICS

We provide valuable tools for police to solve firearm-related crime and prevent gun crime in Australia.

NATIONAL FIREARMS IDENTIFICATION DATABASE

This national database sets uniform national standards for the identification of firearms registered within Australia. The database is a reference tool that enables police to identify and characterise a firearm, using descriptors such as make, model, calibre and magazine capacity. It assists police to ensure firearms are recorded consistently during registration, importation or transfer of ownership and movement across state and territory borders. We are continuing to work with partners and progress planning to improve the reliability of this reference data. The decreasing numbers of records reflects this work to verify data and remove duplicate information.

During 2017–18:

- 21,467 searches were conducted
- there were a total of 22,311 unique firearm records
- the database was available 99.4 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 2017–18:

- 305,298 searches were conducted
- there was a total of 6.29 million firearm records
- there was a total of 2.08 million licence records
- the system was available 99.8 per cent of the time.

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 firearm used in the crime, or link crimes if the same firearm or its components are used at multiple scenes. This system builds on existing ballistic libraries that operate in several states.

During 2017–18:

- 82 crime scene matches were made
- there was a total of 74,736 unique identifiers comprising either bullets, casings or a combination.
- the system was available 100 per cent of the time.

AUSTRALIAN FIREARMS INFORMATION NETWORK

This year we completed the development phase of the new Australian Firearms Information Network, which will replace the National Firearms Licensing and Registration System when all partners have been connected to the new system.[22] 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.

During 2017–18 we planned improvements to the functionality and reliability of reference data in the National Firearms Identification Database and improvements to network accessibility and integration with state and territory police.

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.

22 The Australian Firearms Information Network is formally referenced as the National Firearms Interface in relevant regulations.

LOOKING FORWARD: FRONTLINE SERVICES—FIREARMS AND BALLISTICS

Firearms capability

For our partners to realise the business benefits of the new Australian Firearms Information Network, they must all be integrated with the network as soon as possible. A program will start in 2018–19 to consolidate and manage support of partner integration and continuous improvements to firearm information sharing. When all partners have been connected, we will retire the National Firearms Licensing and Registration System.

Future of the Australian Ballistic Information Network

We will continue to deliver this service and consult with our partners in relation to their future requirements and the 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 driver 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 2017–18 we commenced the delivery of a new platform for the National Vehicles of Interest System. This is due for completion in 2018–19. The replatforming is one of the last remaining pieces of work to allow us to decommission the ageing mainframe. This work is also updating the system ICT to manage expected increases in usage and queries.

During 2017–18:

- 229,592 incidents were recorded
- 6.98 million searches were conducted
- the system held 3.64 million records
- the system was available 100 per cent of the time.

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.

During 2017–18 this database was available 100 per cent of the time.

LOOKING FORWARD: FRONTLINE SERVICES—DRUGS

End User Declaration Online

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. The End User Declaration Online capability will be 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*.

We have progressed work on the End User Declaration Online project including the development of the detailed business requirements by the national working group, and progress towards the development of model legislation. The next stage is to approach the market for a solution.

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

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, all Australian police agencies and other agencies.

Through the ACORN website 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.

During 2017–18 the ACORN:

- attracted 300,015 visitors
- received 54,074 reports
- was available 99.4 per cent of the time.

We refer ACORN reports to law enforcement agencies for appropriate action.

NUMBER OF ACORN REPORTS RECEIVED AND REFERRED

MEASURE	TWO-YEAR HISTORICAL AVERAGE	2017–18
Number of reports received	44,607	↑ 54,074
Number of reports referred to police	34,683	↑ 37,170
Percentage of reports referred to law enforcement agencies	77.75%	↓ 68.7 %

Although the percentage of reports referred to law enforcement agencies has declined, the number of reports has increased, meaning that the actual number of referrals was higher than last year. The process of referral is being reviewed as part of the whole-of-government planning being undertaken.

Scams and online fraud were the most commonly reported incidents (51 per cent), followed by incidents related to online purchase or sale (21 per cent), cyberbullying or stalking (seven per cent), attacks on computer systems (six per cent), illegal or prohibited material (two per cent), and offending against children (one per cent). The remainder (11 per cent) fell into the 'other' category.

LOOKING FORWARD: CYBERCRIME REPORTING SERVICES

Cybercrime reporting

We had been planning to implement further enhancements to the ACORN, as requested by our partners. However, a broader whole-of-government capability now being planned through the Australian Cyber Security Centre will encompass this capability. As a result, the ACIC Board has agreed not to progress the planned ACORN enhancements and for us to continue running the service until it is replaced.

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. As noted on page 11, we decided this year to close the Biometric Identification Services project. The project was intended to upgrade the current fingerprint identification system and provide a new facial recognition platform. The benefits of continuing the project did not outweigh the costs and risks for our agency and partner agencies. Our current National Automated Fingerprint Identification System remains fit for purpose.

NATIONAL AUTOMATED FINGERPRINT IDENTIFICATION SYSTEM

Australian police use this system to identify individuals from their fingerprints or palm prints. The Department of Home Affairs 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 9.08 million print sets of 5.29 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 2017–18:

- 93,229 crime scene prints were identified
- 533,617 people were added to the system
- 1.79 million searches were conducted
- the system was available 99.8 per cent of the time.

ENHANCED BIOMETRICS AT THE BORDER

To support the Department of Home Affairs, 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. Department of Home Affairs 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 1.22 million DNA profiles from samples collected by Australian police from crime scenes, convicted offenders, suspects, and items belonging to missing persons and unknown deceased persons.

During 2017–18:

- 29,340 crime scene to crime scene links were identified
- 120,075 profiles were added to the database
- 89,628 crime scene to person links were identified
- the system was available 99.4 per cent of the time.

This year we also enhanced the National Criminal Investigation DNA Database with new functionality to enable kinship matching, familial searching and advanced direct matching. The enhanced functionality is referred to as the NCIDD Integrated Forensic Analysis (see Feature on page 138).

NATIONAL MISSING PERSONS 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 Persons 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 2017–18:

- the system had 671 active users from nine agencies
- total records were 2,962
- 1,014 entries were added:
  - 739 ante-mortem records
  - 275 post-mortem records
- the system was available 99.6 per cent of the time.

LOOKING FORWARD: BIOMETRIC AND FORENSIC SERVICES

Biometric services

Advancing biometric capability remains a focus across government. We will continue to work with law enforcement partners on national policing information systems to support frontline officers and will implement upgrades to our National Automated Fingerprint Identification System to ensure it remains fit for purpose.

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, Violent and Sexual Crime Database, and the National Domestic Violence Order Scheme.

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 2017–18 we completed enhancements to the National Child Offender System to facilitate management of the *Passports Legislation Amendment (Overseas Travel by Child Sex Offenders) Act 2017*. The changes allow police to request the Minister for Foreign Affairs to cancel or issue limited validity passports or surrender a foreign passport for registered child sex offenders (see Feature on page 139).

During 2017–18 this system was available 99.3 per cent of the time. There were 2,179 users of the NCOS system.

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 2017–18 we undertook further consultation with partners regarding the future of this system, and decided to develop a business case during 2018–19 for a replacement capability, the Child Exploitation Materials Management System (CEMMS).

During 2017–18 this system was available 99.8 per cent of the time.

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 2017–18 this system was available 99.9 per cent of the time.

NATIONAL DOMESTIC VIOLENCE ORDER SCHEME

Previously there was no national system that enabled sharing of information about domestic violence orders between courts and police in Australia, as each jurisdiction managed domestic and family violence proceedings using different information and data capture systems. Police were able to access limited information about protection orders in other jurisdictions through current systems, but courts could not.

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 domestic violence order scheme. The states and territories enacted legislation to give effect to uniform laws, so that an order made in one jurisdiction is automatically recognised in all others.

The National Domestic Violence Order Scheme commenced on 25 November 2017, using what was considered an interim capability developed during 2017–18, consisting of the National Police Reference System and the Court Portal. The Court Portal provides connectivity to enable police and courts to obtain court orders from interstate, and was delivered by our Interim Order Reference Solution project. This capability is currently being reviewed to see if, with or without further enhancements, it will meet the requirements of a full national system. The review is being led by Victoria Police, with collective input from all states and territories through the National Domestic Violence Legislation Working Group. The outcomes of the review are expected to be presented for consideration by the ACIC Board in late 2018 and will inform any future work on this system.

WORKING WITH CHILDREN CHECKS—NEGATIVE NOTICE DATABASE

During 2017–18 we began planning for this new system, which will provide all supporting agencies with a national view of negative notices for applications for working with children checks.

LOOKING FORWARD: PROTECTION SERVICES

Child Exploitation Material Management System

During 2018–19, we will develop the business case for our new Child Exploitation Material Management System, progressing any required work to finalise the national system for sharing domestic violence information and delivering the negative notice database for working with children checks. We will also continue to seek, as part of our planning for future systems and capabilities, opportunities to connect our intelligence and information services to protect victims in our community from crimes against the person.

SYSTEMS MAINTENANCE

As well as delivering the range of information systems and services, we also undertake regular maintenance of the underlying supporting infrastructure.

During 2017–18 we continued consolidating our underlying infrastructure. That was required due to the merging of the two previous agencies to establish the ACIC in 2016. We now have a comprehensive plan to provide a strong infrastructure basis to support our agency and our partners. We will begin implementing this plan during 2018–19 for completion in 2019–20. We have also progressed significant work to move our services from an ageing mainframe and anticipate this will be fully completed during 2018–19.

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.

NATIONAL CRIMINAL INTELLIGENCE SYSTEM

During 2017–18 we completed the second pass business case to seek funding for a full National Criminal Intelligence System capability. The business case was successful and resulted in funding towards developing the first iteration of NCIS in the 2018–19 Federal Budget. We are working in partnership with the Department of Home Affairs to ensure a successful outcome for government and partner agencies.

NCIS will provide secure access to a national view of criminal intelligence and information, support collation and sharing of criminal intelligence and information nationally. The aim of NCIS is to strengthen criminal information and intelligence sharing across law enforcement agencies, jurisdictions and the criminal intelligence community. It will improve officer safety by providing a national view of crime that can be presented to frontline operations, providing targeted, timely, relevant, prioritised national policing information. It will include a consolidated national view of fact-based policing and incident information, tools for improved analytics, deconfliction between investigations, and alerts and indicators for entities and activities of interest.

To support this development, the ACIC Board established an NCIS User and Support Task Force (known as the NCIS Task Force) to provide a more effective and efficient interim framework for access to and use of NCIS information and intelligence by NCIS stakeholders.

During 2017–18 we also progressed the National Policing Information Hub Project. This will deliver a contemporary Master Data Management (MDM) platform for NCIS, which easily adapts to evolving information types to enable more policing information to be shared nationally and for it to be easier to access and use. We are working with the Department of Home Affairs to ensure the MDM solution fits well within the portfolio's broader technical architecture, as it delivers this national capability.

NATIONAL CRIMINAL INTELLIGENCE SYSTEM INTERIM SOLUTION

Building on our previous work to pilot NCIS, during 2017–18 the NCIS interim solution continued to deliver benefits to partner agencies. For example, the interim solution had 797 users and attracted more than 65,000 searches across more than 600 million available records. Support for the interim solution continues, and this year the key data sets were refreshed. During the year we also commenced our planned connectivity trials with partners to address security, connectivity, cultural and legal issues. In addition, we added more data sets, with the Home Affairs Detained Goods Management System data feed commencing at the end of March 2018, bringing the number of data sources to 12. The NCIS interim solution Project will deliver a trial data pipeline, testing the best way to use and present data, to inform the future development of NCIS.

AUSTRALIAN LAW ENFORCEMENT INTELLIGENCE NETWORK

The Australian Law Enforcement Intelligence Network 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 32 international, Commonwealth, state and territory law enforcement agencies connected to ALEIN.

During 2017–18:

- the number of active ALEIN users was 4,825
- we facilitated 4,419 visits to 655 intelligence desks within ALEIN
- this network was available 99.9 per cent of the time.

LOOKING FORWARD: ALEIN

During 2018–19 we will undertake the first stage of transitioning to a new network and will implement some minor upgrades.

AUSTRALIAN CRIMINAL INTELLIGENCE DATABASE

The Australian Criminal Intelligence Database 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 pages 131–132). At the same time, it is important that we maintain ACID services, including stabilising and strengthening the existing systems and infrastructure.

During 2017–18:

- there were 280,465 uploads to ACID
- we created 1.39 million new entities (uploaded intelligence reports may contain details of one or more entities such as names, addresses and other specific information)
- we facilitated 2,638 active users of ACID
- there were 3,057,914 ACID searches
- the system was available 99.9 per cent of the time.

LOOKING FORWARD: ACID

ACID will be incorporated into NCIS (see pages 131–132 for further details).

AUSTRALIAN PRIORITY ORGANISATION TARGET LIST

We have continued our work on the Australian Priority Organisation Target list, focusing on offshore targets impacting Australia. This list informs traditional and innovative disruption methods.

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. During 2017–18 this system was available 99.9 per cent of the time.

NATIONAL CRIMINAL TARGET LIST

We continued to 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.

Australian and New Zealand law enforcement agencies and relevant regulatory bodies have been contributing to the list using a consistent threat and risk assessment methodology. We make the National Criminal Target List available to partners via the National Target System.

During this year we consulted with partners on the way we use the National Criminal Target List and took into account the way we also use the Australian Priority Organisation Target list. We will be implementing changes during 2018–19 to ensure the National Criminal Target List meets the needs of our partners.

AUTOMATED ALERTING SERVICE

Through Project Rosencrantz 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 of Australian-based 'one percenter' OMCGs (the one per cent of motorcyclists 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 103.

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 Home Affairs, 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 129)
- National Clandestine Laboratory Database (see page 125).

CRIMINAL HISTORY CHECKS

We maintain the National Police Checking Service which enables Australian police agencies and 240 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.

NEW AGREEMENT WITH ACCREDITED BODIES

This year we implemented a new contractual agreement with accredited bodies entrusted with direct access to the National Police Checking Service. The new agreement ensures compliance with legislation under which the service now operates.[23] The Agreement delivers many benefits to the ACIC, accredited bodies and the Australian community including:

- improved detection of fraudulent activity through strengthened identity verification processes
- greater assurance of the legitimacy of a nationally coordinated criminal history check through consistent presentation of service products
- increased protection and handling of applicants' personal and police information
- greater access to the National Police Checking Service for applicants who cannot meet the minimum identity documentation requirements through the assurance of authorised referees
- efficiency gains through greater use of digital and automated solutions.

QUALITY ASSURANCE AND COMPLIANCE

We have developed and implemented improved quality assurance and risk management processes. The assurance framework was developed to alleviate known risks to the National Police Checking Service, the ACIC, police agencies and the Australian community—strengthening our accredited bodies' compliance with their contractual obligations. We will evaluate each accredited body at least once every five years. We have also implemented an improved accreditation process to better assess a prospective organisation's suitability to become accredited. Our new process helps promote client self-service where prospective accredited bodies undertake a preparedness assessment before engaging with us. We have developed the National Police Checking Service Handbook to provide accredited bodies with general advice and guidance when accessing the service, with the aim of promoting compliance.

ACTIVITIES DURING 2017–18

There was an 11.1 per cent increase in the total number of nationally coordinated criminal history checks submitted in 2017–18.

During the year:

- 5.29 million checks were processed
- 1.49 million checks were referred to our police partners for further assessment
- seven new bodies were accredited
- 95.1 per cent of standard checks were processed within 10 business days and 90.7 per cent of urgent checks were processed within five business days
- the service was available 96.6 per cent of the time.

23 Australian Crime Commission Act 2002 (Cth)

We also completed upgrades to the National Police Checking Service Support System to enable enhanced search capabilities.

LOOKING FORWARD: NATIONAL POLICE CHECKING SERVICE

Future operating model

In 2017 the ACIC Board endorsed four principles, nine capabilities, and three enabling attributes to inform the development of a future operating model for the National Police Checking Service. This work focused on addressing the risks to community safety, the ACIC and our police partners posed by vulnerabilities of the current service.

In 2018–19 we will work with our police partners to design a future operating model for the service, based on the work undertaken last year. It is proposed that such a model will modernise the National Police Checking Service and make it more agile, responsive and scalable. The transformed service will be sustainable over the long-term, better meet stakeholder needs, and enhance community safety.

FEATURE: EXPANDED DNA MATCHING TO HELP SOLVE MORE CASES

Police across Australia now have access to superior DNA profile matching, which can help solve cold cases and identify disaster victims, missing persons and unidentified human remains.

We added this enhanced forensic capability to our National Criminal Investigation DNA Database during the year.

Known as Integrated Forensics Analysis functionality, it enables kinship matching, familial searching and advanced direct matching.

Kinship matching involves collecting samples from consenting biological relatives of disaster victims or missing persons to check for matches with unidentified DNA profiles on the database. This can speed up investigations of unidentified bodies and missing persons, and allow faster identification of disaster victims.

Familial searching involves analyses of a DNA sample found at a crime scene to establish an indirect or partial match with a relative whose DNA profile is already stored on the database. For serious crimes with no direct DNA profile match, and where police have exhausted other investigative avenues, familial searches can help track down perpetrators through close relatives whose DNA profiles are stored on the database. This enhanced capability has been used successfully overseas—similar technologies in the United States, the United Kingdom, New Zealand and Canada have led police to serial rapists and murderers who had long eluded detection and arrest.

The database has more than one million DNA profiles added by authorised law enforcement partners using samples collected from crime scenes, convicted offenders, suspects, items belonging to missing persons and unknown deceased persons.

To make the system available to all state and territory police agencies, we have worked over the past few years to identify a suitable system that can meet law enforcement requirements, be configured for legislation and business rules for each jurisdiction, and resolve complexities associated with systems integration.

FEATURE: SYSTEM ENHANCEMENTS HELP PROTECT CHILDREN

The enhanced DNA matching capabilities will strengthen Australia's crime-solving capability, enabling police to prevent, detect and disrupt significant threats and more readily identify both victims and offenders.

This year we made changes to the National Child Offender System to support important amendments to the *Passports Legislation Amendment (Overseas Travel by Child Sex Offenders) Act 2017*.

The Act, which came into force in December 2017, aims to prevent abuse of children overseas. It is an offence for registered child sex offenders with reporting obligations—those convicted of the most serious forms of abuse—to leave Australia without law enforcement approval. They can also have their passports cancelled at the request of state or territory authorities.

From the time the changes were announced in June 2017, we had six months to enhance the National Child Offender System to support the new law.

The National Child Offender System allows police across Australia to record and share child offender information. We needed to enhance interface and extraction functionality so registrars in each state and territory could use the system to request the cancellation or surrender of Australian passports for offenders.

This complex project required careful coordination and hard work from all involved. This included dealing with legal barriers, security issues and late coding changes, as well as coordinating processes across our agency, the Australian Federal Police, the Department of Foreign Affairs and Trade, and the former Department of Immigration and Border Protection (which became part of the Department of Home Affairs in December 2017).

Australia has up to 20,000 registered child sex offenders who have served their sentence but are subject to reporting obligations to help protect the community. Almost 800 registered child sex offenders travelled overseas in 2016, and around 40 per cent did so without informing authorities.[24]

Our team was dedicated to delivering the changes needed for the new passports legislation to stop this from happening.

24 Source: <https://foreignminister.gov.au/releases/Pages/2017/jb_mr_171213.aspx>

WE ACHIEVE OUR INTENDED OUTCOMES THROUGH **GOOD GOVERNANCE**, EFFECTIVE **PLANNING, PERFORMANCE MEASUREMENT**, AND A FLEXIBLE AND RESILIENT **WORKFORCE**.

SECTION 03

MANAGEMENT AND ACCOUNTABILITY

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HIGHLIGHT OF MANAGEMENT, ACCOUNTABILITY AND PEOPLE IN 2017–18

791 staff and
31 secondees from
partner agencies

109 staff from
non-English speaking
backgrounds

399 men
390 women
2 X/indeterminate

87.3% retention rate

8 offices around
the country

INVESTIGATORS **INTELLIGENCE ANALYSTS** FINANCIAL PROFILERS **OPERATIONAL AND ORGANISATIONAL PSYCHOLOGISTS** PHYSICAL AND TECHNICAL SURVEILLANCE OPERATIVES **TECHNICAL AND CYBER ANALYTICS OPERATIVES** LAWYERS **SPECIALIST EXAMINATIONS STAFF** CORPORATE SERVICES STAFF **BUSINESS AND SYSTEMS ANALYSTS** INFORMATION ARCHITECTS **PROJECT AND PROGRAM MANAGERS**

CONTEXT

The ACIC is established under the *Australian Crime Commission Act 2002* (Cth) (ACC Act). We are a Commonwealth statutory body, with our role and functions underpinned by supporting legislation in each state and territory.[25]

In addition, we 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* (Cth) and the *Public Governance, Performance and Accountability Act 2013* (Cth).

We are one of five statutory agencies in the Home Affairs Portfolio (see details of our external governance on pages 163–171).

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 2018, the ACIC Executive comprised the CEO, Chief Operating Officer, two Executive Directors, 10 National Managers and six State Managers.

25 Our agency was formerly known as the Australian Crime Commission (ACC), and may legally be known as either ACIC or ACC.

ACIC EXECUTIVE

CEO OFFICE	Chief Executive Officer **Michael Phelan APM**	Mr Phelan was appointed as ACIC CEO and Director of the AIC in November 2017. This followed more than 30 years with the Australian Federal Police in a wide variety of fields both in Australia and overseas, most recently as the Deputy Commissioner for National Security. Responsible for overseeing the management and administration of the ACIC, managing our relationship with ministers, working collaboratively with ACIC Board member agencies, and providing leadership, strategic direction and strong governance for our agency. Our CEO is a non-voting member of the ACIC Board.
	Chief of Staff **Jeremy Johnson**	Responsible for government relations and engagement, media and communication, strategy, planning and performance and strategic policy.
CHIEF OPERATING OFFICER	Chief Operating Officer **Paul Williams**	Responsible for key enabling services including people, security, business and innovation, finance, property and legal services.
	National Manager People, Security and Integrity **Mardi Stewart**	Responsible for overseeing people management functions, security, integrity and organisational psychology.
	National Manager Finance, Property and Procurement/Chief Financial Officer **Yvette Whittaker**	Responsible for the financial management of the agency, procurement, the national property portfolio and business support.
	National Manager Legal Services/General Counsel **Nicole Mayo**	Responsible for administrative and criminal law litigation, advice on the use of ACIC powers, policy development and legislative reform, risk and audit, agreements and our examination capability.
	National Manager Business and Innovation **Sabeena Oberoi**	Responsible for business strategy, the Portfolio Management Office and the National Police Checking Service.
TECHNOLOGY	Executive Director Technology **Rochelle Thorne**	Responsible for providing and maintaining our national information capabilities and services to support policing and law enforcement.
	Acting National Manager Business Systems Delivery **Jakub Bartkowiak**	Responsible for intelligence and national policing information ICT solutions for our agency.
	Chief Technology Officer **Matthew Jones**	Responsible for capabilities required to design, develop and operate ICT solutions to ensure connectivity between our agency's IT systems and external systems and ongoing access to critical sources of data.

ACIC EXECUTIVE (CONTINUED)

INTELLIGENCE OPERATIONS	Executive Director Intelligence Operations **Col Blanch**	Responsible for ACIC investigations and intelligence operations, our intelligence products development and overseeing State Managers.
	Acting National Manager Operational Strategy **Michael Allsopp**	Responsible for special intelligence operations, special investigations and international partnerships and deployments.
	National Manager Operational Capability **Nick Wolanin**	Responsible for specialist, covert and technical operation, and compliance with statutes governing surveillance and operational activity.
	National Manager Intelligence **Katie Willis**	Responsible for operational and strategic intelligence priorities and identifying and tracking intelligence targets.
	State Manager New South Wales **Warren Gray**	Responsible for operations and stakeholder relationships in New South Wales and national physical surveillance.
	State Manager Victoria **Jason Halls**	Responsible for operations and stakeholder relationships in Victoria.
	State Manager Queensland **Charlie Carver**	Responsible for operations and stakeholder relationships in Queensland.
	State Manager Western Australia **Doug Miller**	Responsible for operations and stakeholder relationships in Western Australia.
	State Manager Northern Territory and Acting State Manager South Australia **David Richardson**	Responsible for operations and stakeholder relationships in the Northern Territory and South Australia.
	State Manager Tasmania **Matthew Osborn**	Responsible for operations and stakeholder relationships in Tasmania.

ACIC EXAMINERS

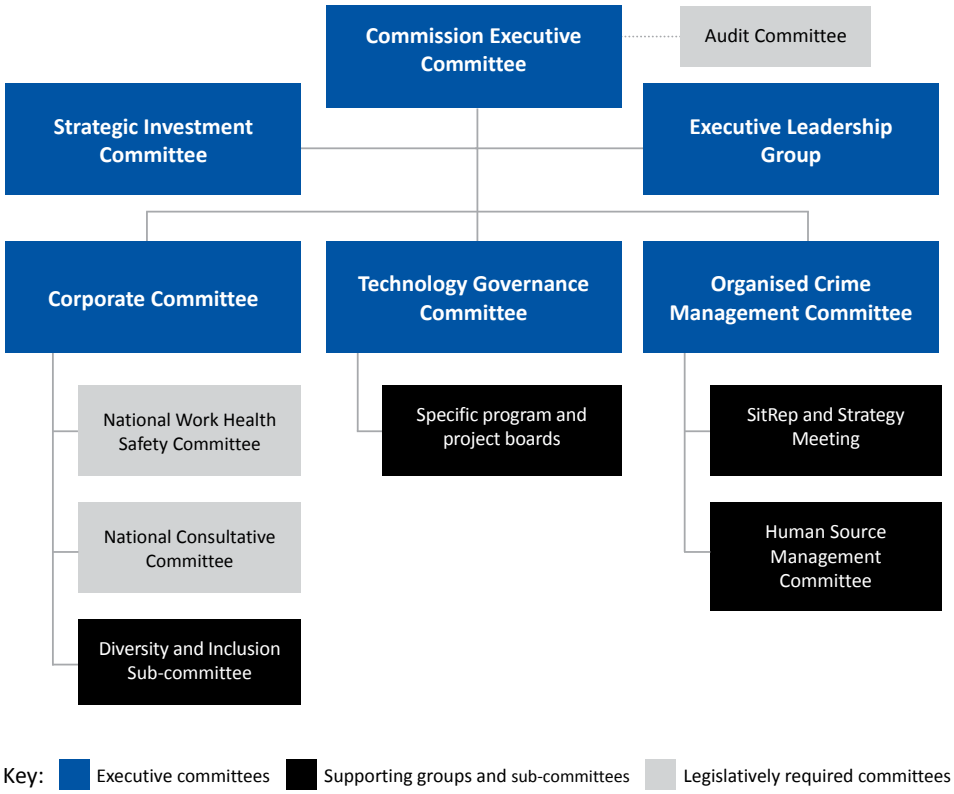
ACIC Examiners are independent statutory officers appointed by the Governor-General to exercise the coercive powers set out in the ACC Act for the purpose of ACIC Board-approved special operations and special investigations. To ensure accountability, coercive powers are only used when all legislative requirements are met, including a requirement that an ACIC Examiner is satisfied that it is reasonable in all circumstances to exercise these special statutory powers. There is currently one full-time Examiner and two part-time Examiners, all of whom have extensive experience in the legal profession.

SENIOR MANAGEMENT COMMITTEES

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

During this year we adjusted our committee structures to align with our functions and organisational structure, and we will continue to review this to ensure our governance is as effective and streamlined as possible.

ACIC SENIOR MANAGEMENT COMMITTEE STRUCTURE DURING 2017–18



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), Chief Operating Officer and Executive Directors. This committee meets as required.

STRATEGIC INVESTMENT COMMITTEE

This committee supports the Commission Executive Committee in identifying and planning for future ACIC capability investments, considering all investment proposals, making recommendations on priority investments, and monitoring progress of plans to deliver on the investments.

The Strategic Investment Committee consists of the ACIC CEO (Chair), Chief Operating Officer and Executive Directors, and is supported by other officials. This committee meets quarterly.

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 157).

ORGANISED CRIME MANAGEMENT COMMITTEE

The Organised Crime Management Committee makes decisions about the ACIC organised crime and intelligence work program and allocation of relevant resources to support delivery of related objectives. The committee comprises our Executive Director Intelligence Operations, Chief Operating Officer, and National Managers Intelligence, Operational Strategy, Operational Capability, as well as State Managers as voting members. Intelligence Hub Managers and other managers are non-voting members. The Organised Crime Management Committee meets monthly.

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 weekly Situation Report and Strategy Meeting and the Human Source Management Committee.

CORPORATE COMMITTEE

The Corporate Committee reviews and makes decisions 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. This committee is supported by sub-committees that focus on vendor management, architecture and design, ICT operations and project/workplan management. The committee is also 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 ACIC's engagement of human sources, and evaluating submissions that propose financial rewards for covert human intelligence sources. This committee reports as required to the Organised Crime Management Committee.

NATIONAL CONSULTATIVE COMMITTEE (AND LOCAL CONSULTATIVE COMMITTEES)

The 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.

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 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 Corporate Committee.

OTHER COMMITTEES

EXECUTIVE HEALTH PANEL

The Executive Health Panel oversees the ACIC Drug and Alcohol Policy, and recommends appropriate action if a confirmed presumptive positive test occurs or if other breaches of the policy require consideration.

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.

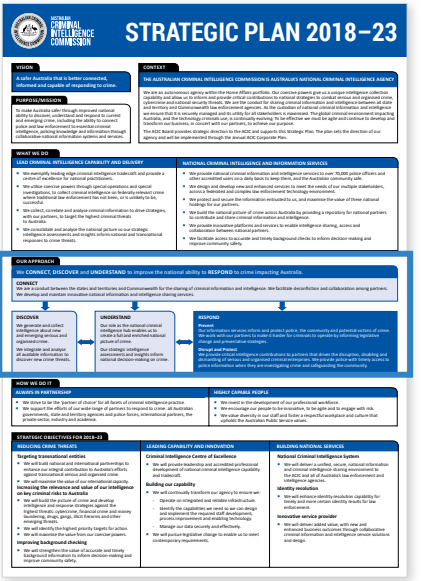
STRATEGIC PLAN

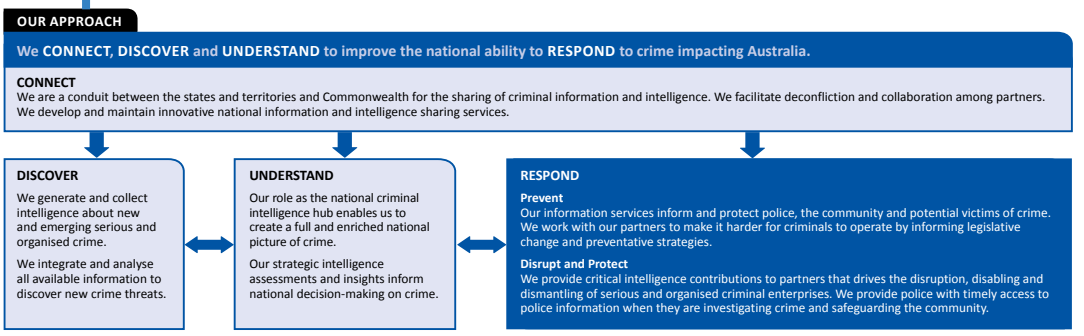
During this year we reviewed our Strategic Plan and on 13 June 2018, the ACIC Board endorsed our *ACIC Strategic Plan 2018–23,* which replaced our *ACIC Strategic Plan 2016–21.*

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 *ACIC Strategic Plan 2018–23* is on our website at <www.acic.gov.au/strategicplan>.





CORPORATE PLAN

We prepared and published our Corporate Plan as required by the *Public Governance, Performance and Accountability Act 2013.* The plan has a four-year outlook and aligns to the strategic direction set in our Strategic Plan. 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 is on our website at <www.acic.gov.au/corporateplan>.

INTEGRATED PLANNING

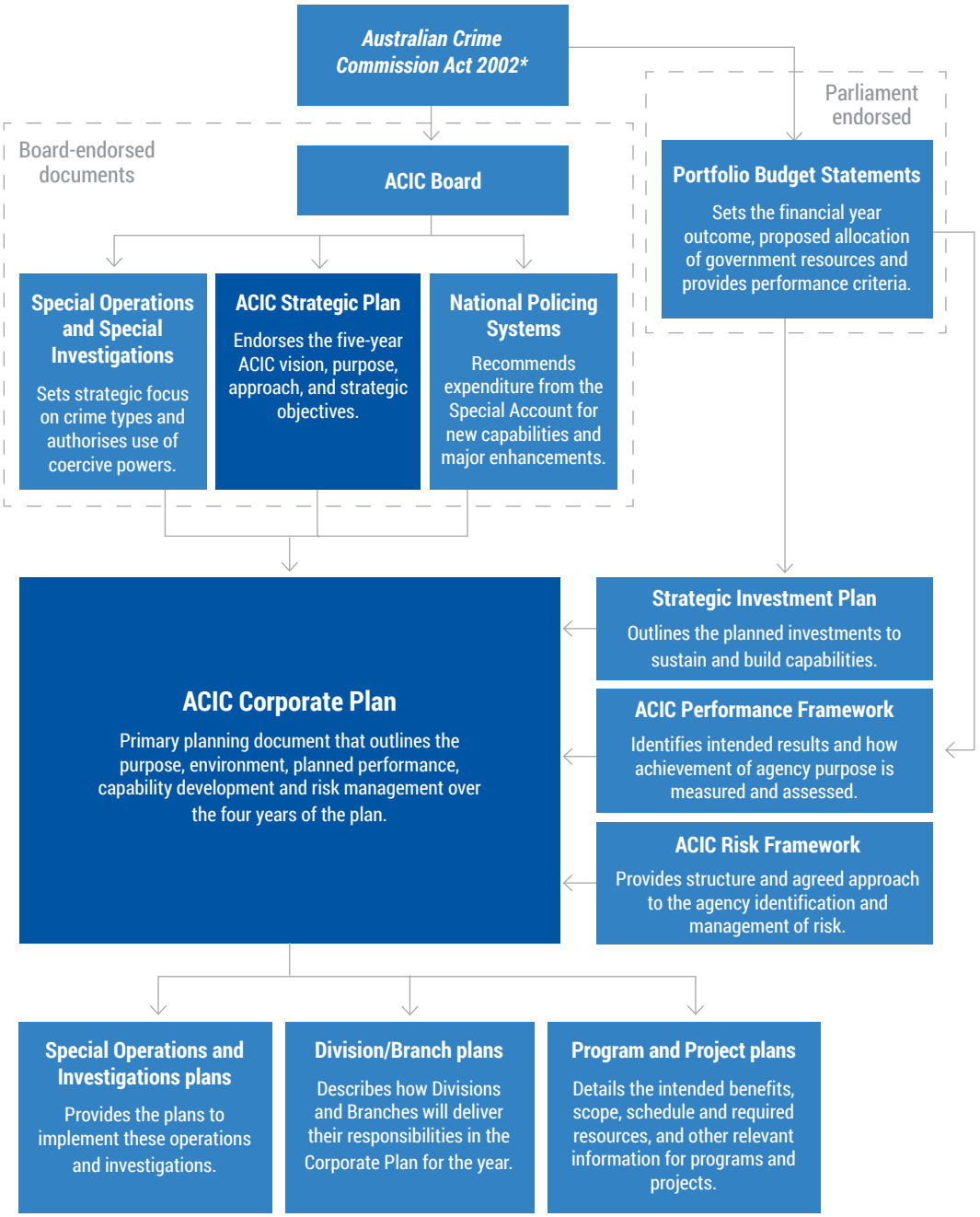
Our planning translates our strategic purpose, outcome, areas of focus and delivery into annual activities. It includes:

- 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.
- Strategic Investment Plan—This plan describes the investments our agency is making to sustain and build our capabilities.
- 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.
- Division/Branch plans—These plans vary depending on the function of the branch and how its activities and outputs relate to other plans. Generally branch plans 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. More information on our Performance Development System is on page 180.
- 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 158.

LOOKING FORWARD

Our future planning work will continue to strengthen, integrate and consolidate our planning across our maturing organisation. A continuing focus is to strengthen the alignment of planning and risk management.

ACIC STRATEGIC PLANNING PROCESS



Key

* 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

We take our performance measurement and agency reporting seriously and seek to continually improve and provide quality reporting. We are pleased that our 2016–17 annual report received a Gold Award, our fourth Gold in a row, in the 2017 Australasian Reporting Awards. These criterion-based awards were introduced 68 years ago as a means of improving accountability for, and public communication about, the activities of organisations. The awards are open to all government, private and non-profit sector organisations across the Australasian region.

PERFORMANCE MEASUREMENT

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 vision, Corporate Plan environmental assessment, planned performance and capability plans, and our Portfolio Budget Statements.

The *Public Governance, Performance and Accountability Act 2013* mandates that most Commonwealth agencies must prepare annual performance statements that assess agency performance against their Corporate Plan. This year is the second time we have prepared our annual performance statements 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 performance criterion 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 criterion, as our stakeholders are important to understanding the effectiveness of our performance.

Although each measure individually does not provide a definitive indicator of overall performance against the criteria, taken together they provide relevant and reliable measurement of our performance. Our performance criteria reflect our activities to achieve our purpose and collectively provide a complete picture of our performance.

During 2017–18 we continued to update and develop our performance framework to ensure it remains appropriate as our agency evolves and changes. Following this full cycle of planning and reporting with our current performance criteria, we reviewed them and made some minor improvements to streamline and reduce duplication in our reporting. Our *Portfolio Budget Statement 2018–19* and *Corporate Plan 2018–19 to 2021–22* reflect our updated performance criteria.

We also reviewed some of the measures used to demonstrate our performance against the criteria. As our agency is increasingly contributing intelligence to disruptive activity against offshore targets impacting Australia, we have revised our approach to capturing and measuring disruptions of criminal entities. Also, in the past we measured our discovery of previously unknown money laundering targets, and we have now expanded and standardised this across all our crime threats.

LOOKING FORWARD

Looking forward, following our first full year cycle of the ACIC performance criteria, we have reviewed and slightly amended our performance criteria in our Portfolio Budget Statements and our Corporate Plan for the 2018–19 reporting cycle.

PERFORMANCE MEASUREMENT FRAMEWORK 2017–18

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	INDICATOR	MEASURES
CONNECT We help our partners by: ▪ providing them with systems and services ▪ sharing criminal intelligence and information, policing and other relevant information ▪ connecting partners to us and each other.	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.	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. The ACIC collects qualitative and quantitative performance data. The ACIC monitors and analyses trends in quantitative data against relevant performance criteria, where appropriate, which includes: ▪ comparative statistics on information and intelligence systems and services availability, usage and support levels ▪ demonstrated delivery and implementation of planned systems and services that satisfy stakeholders and users ▪ comparative statistics on volume and breadth of intelligence shared ▪ the level and types of our activities to discover and understand crime impacting Australia ▪ the level, types and results of our responses to disrupting serious and organised crime ▪ annual stakeholder survey results that form an overall assessment against the performance criteria.
DISCOVER We build the picture of crime impacting Australia by: ▪ collecting information ▪ combining information to discover new areas of national focus.	The picture of crime impacting Australia is improving because the ACIC is discovering crime threats, vulnerabilities and trends previously unknown.	
UNDERSTAND We improve our understanding of the picture of crime impacting Australia by undertaking analysis to guide a better response.	The understanding of the national picture of Australian crime 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.	
RESPOND We improve the national ability to prevent and disrupt crime and protect the community.	**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.	

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 24 to 56).

An external market research company conducted the research, which included an online survey of 139 stakeholders. 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 6.6 out of 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.

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 2017–18 included:

- management of research data and information
- 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 performance statements, financial statements and certificate of compliance.

As at 30 June 2018, the Audit Committee comprised an independent external chair and three members as well as an observer from the Australian National Audit Office. The 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 planning and 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, while also meeting our corporate and legislated accountabilities.

During 2017–18 we:

- implemented a revised risk management policy and supporting procedures, including risk appetite statements that are appropriate to our operating context
- completed the Comcover risk benchmarking exercise to assess the maturity of our current approach and guide further development
- strengthened our management of work health safety risks, including the risks associated with our operational activities
- focused on approaches to improving risk culture and understanding at all levels
- participated in multi-agency risk forums and consulted with partner agencies on best practice approaches to managing risk.

Our Comcover Risk Benchmarking Survey results for 2017–18 evidenced a significant increase in the maturity of the ACIC's risk management framework.

Our Risk Function is represented at the Audit Committee and continues to develop a closer working relationship with Internal Audit and the Executive team.

SECURITY AND INTEGRITY

We are entrusted with special powers to enable us to effectively work with our partners to combat serious and organised crime in Australia. Security and integrity are critical in 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 outlines a defined approach to managing integrity and security risks across our agency. Our documented, agreed and understood policies, procedures and processes define how security and integrity is managed at our agency. In 2017–18, IT Security was incorporated into our Security and Integrity section, to enable a more holistic understanding of our agency's security landscape.

The Security team continues to work towards meeting the requirements of the Government Protective Security Policy Framework. In 2017, an agency-wide security threat and risk assessment was developed, which identified operational and strategic risks and proposed measures to mitigate current and emerging security risks facing our agency. We continue to implement recommendations identified in the assessment.

Highlights of the reporting year include:

- introducing new national security policies and procedures
- improving agency-wide security threat and risk assessments
- providing regular and ongoing security advice to all areas of our agency
- developing international deployment risk assessments
- providing covert site security advice and support
- upgrading physical security at national headquarters and regional offices
- providing advice on protective security related to regional office relocations
- accrediting a number of offices and other sites for large-scale IT projects
- upgrading the security access control system to support the move and centralisation of 24-hour national monitoring from Sydney to the national headquarters in Canberra
- undertaking an agency-wide personnel security risk assessment, including risk workshops with key internal business areas
- ensuring all eligible staff completed the annual integrity online training module
- distributing the *Ethics and Integrity Handbook* to all staff members
- mitigating identified fraud and corruption risks.

Integrity initiatives included:

- detection program—Our fraud and corruption detection program was updated, with reviews programmed for throughout the year targeting high risk activities that were identified in the fraud and corruption risk assessment process
- integrity-related policies and procedures—Integrity-related policies and procedures were reviewed and updated to reflect legislative requirements.

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 staff, we have 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.
- National induction program—Security and integrity sessions occur for all new employees to ensure understanding of the Australian Public Service values, ethics and protective security requirements.
- Online learning—Our eLearning modules for misconduct, fraud and corruption and security awareness are compulsory for all staff on commencement and then annually.
- Communication—Information on ethics, fraud, corruption and protective security is available to all staff through the 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 all staff to report about potential issues of concern. Staff can raise concerns directly with our Integrity Assurance team or Security team, or through their manager. Members of the public can make complaints through the email address on our website.
- Conflict of interest declarations—Management of real or perceived conflicts of interest is a high priority. All staff must declare any conflicts of interest, gifts and benefits and outside paid, unpaid or voluntary work.
- Investigation of inappropriate behaviour—We investigate alleged fraud, corruption, suspected breaches of the Australian Public Service 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.

SUPPORTING OPERATIONAL AREAS

In 2018, the Security team took responsibility for the development of detailed risk assessments to support international deployments. This process requires engagement with the Department of Foreign Affairs and Trade, the Australian Security Intelligence Organisation and other domestic and international partners to develop threat considerations and comprehensive security risk assessments to support our international deployments.

PROTECTIVE SECURITY POLICY FRAMEWORK REVIEW

This year we also looked at all aspects of the Protective Security Policy Framework review, including the guidelines for security governance and physical, personnel and information security. Once the reforms are finalised, our Security team will be heavily involved in implementing and communicating the changes.

SECURITY INCIDENT REPORTING

Our internal security incident reporting mechanism enables all staff to report security incidents.

A total of 85 security incidents were reported in 2017–18. This included 19 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 security incidents reported were of a low level and occurred within secure ACIC premises (for example, low-level classified documents left on desks). These incidents have not significantly compromised the security of ACIC information, people or premises.

INTEGRITY ASSURANCE

Our Integrity Assurance team contributes to effective fraud and corruption control by providing a reporting, prevention, detection and investigation function regarding suspected breaches of the Australian Public Service Code of Conduct, internal fraud and corruption in our agency.

MISCONDUCT

The Integrity Assurance team investigated 19 referrals alleging staff had breached the Australian Public Service Code of Conduct. As at 30 June 2018:

- 13 of the referrals were deemed not to require a formal investigation, following an assessment or preliminary investigation
- six referrals were investigated under procedures established by the ACIC in accordance with section 15(3) of the *Public Service Act 1999*.

FRAUD AND CORRUPTION

The ACIC's *Fraud and Corruption Control Plan 2017–19* 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 recommended 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 2017–18, the Integrity Assurance team received no allegations of fraud. The team received five allegations of corruption, three of which were referred to the Australian Commission for Law Enforcement Integrity and one allegation was referred to the New South Wales Police Force. One allegation of corruption is awaiting an ACLEI referral pending legal advice.

MISCONDUCT, FRAUD AND CORRUPTION ALLEGATIONS RECEIVED IN 2017–18

SOURCE OF REPORT	RECEIVED	OPEN	FINALISED	
			UNSUBSTANTIATED/ WITHDRAWN	SUBSTANTIATED
Externally referred	6	2	4	0
Internally referred	18	1	13	4
Total	**24**	**3**	**17**	**4**

BROADER CORRUPTION PREVENTION ACTIVITIES

Addressing corruption risk and integrity remains an area of focus 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.

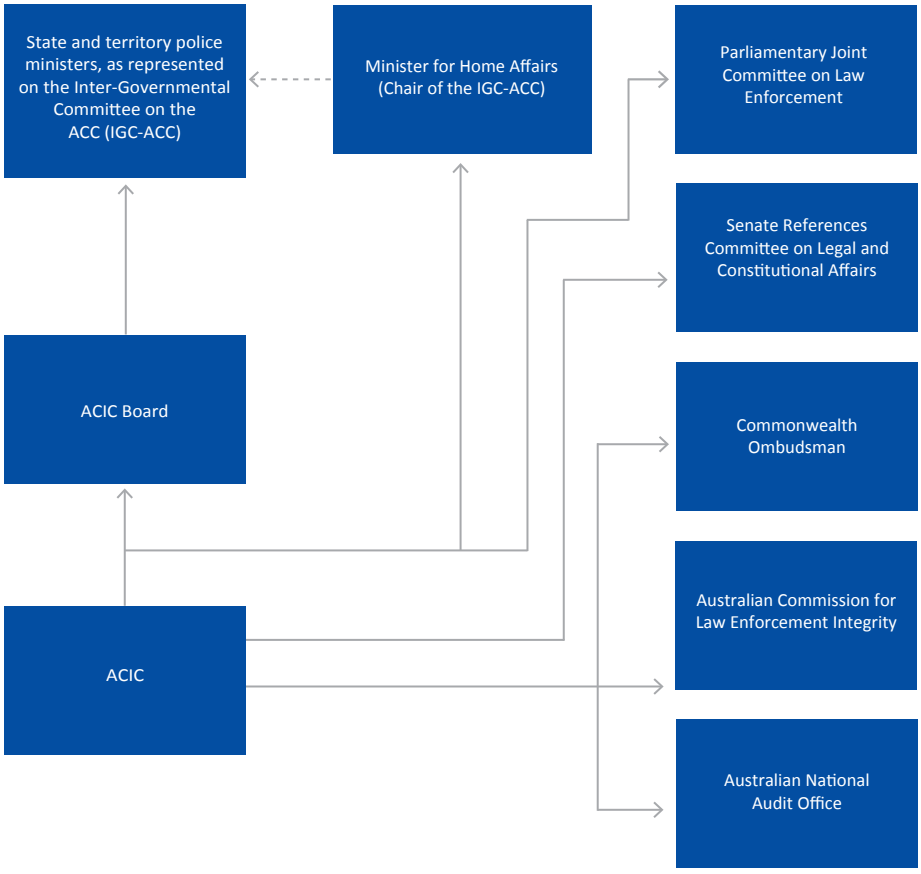
EXTERNAL SCRUTINY

As at 30 June 2018, the ACIC was part of the Home Affairs Portfolio and accountable to the Minister for Home Affairs, who was also the Minister for Immigration and Border Protection.

Our external scrutiny also includes the ACIC Board, the Inter-Governmental Committee consisting of the Minister for Home Affairs and police ministers of each state and territory, 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, ACLEI and the Australian National Audit Office also form part of our external scrutiny framework.

ACIC EXTERNAL ACCOUNTABILITY AS AT 30 JUNE 2018



HOME AFFAIRS PORTFOLIO

On 18 July 2017, the Prime Minister announced the establishment of the Home Affairs Portfolio, consolidating Australia's federal law enforcement, national and transport security, criminal justice, emergency management, multicultural affairs, immigration and border-related functions to more effectively shape the security and prosperity of the nation.

The Home Affairs Portfolio officially commenced on 20 December 2017, with the Department of Home Affairs as the central policy department.

MINISTERIAL ARRANGEMENTS

As at 30 June 2018, the Home Affairs Portfolio included the following ministers:

- Minister for Home Affairs and Minister for Immigration and Border Protection, the Hon. Peter Dutton MP
- Minister for Citizenship and Minister for Multicultural Affairs, the Hon. Alan Tudge MP
- Minister for Law Enforcement and Cyber Security, the Hon. Angus Taylor MP
- Assistant Minister for Home Affairs, the Hon. Alex Hawke MP.

While we are accountable to all portfolio ministers as required, most of our work during the year related to the areas covered by Minister Dutton and Minister Taylor.

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 pages 63–66.

In addition this year we were called on to appear before the Senate Legal and Constitutional Affairs Legislation Committee at Senate Estimates hearings on 24 October 2017 and 23 May 2018. 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 nine members. The committee is made up of four 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 2018, 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. Richard Colbeck
- Senator the Hon. Kristina Keneally
- Mr Llew O'Brien MP
- Ms Clare O'Neil MP
- Mr Jason Wood MP.

The duties of the Parliamentary Joint Committee on Law Enforcement are:

- To monitor and to review the performance of the ACIC and Australian Federal Police (AFP) and their functions.
- To report to both Houses of the Parliament any matters relating to the ACIC or 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

The Inter-Governmental Committee (IGC) is established under section 8 of the ACC Act. The IGC monitors our work, and strategic direction and work of the ACIC Board, including the use of coercive powers. Under certain circumstances the IGC has the authority to revoke a Board determination.

The IGC comprises the Commonwealth Minister for Home Affairs and a minister to represent each state and territory government, nominated by the Premier or Chief Minister of the state or territory.

The IGC 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 2018, the members were:

- the Hon. Peter Dutton MP (Minister for Home Affairs) (Chair)
- the Hon. Troy Grant MP (New South Wales)
- the Hon. Lisa Neville MP (Victoria)

- the Hon. Michael Ferguson MP (Tasmania)
- the Hon. Corey Wingard MP (South Australia)
- the Hon. Michelle Roberts MLA (Western Australia)
- the Hon. Michael Gunner MLA (Northern Territory until 26 June 2018)
- the Hon. Nicole Manison MLA (Northern Territory from 26 June 2018)
- the Hon. Mark Ryan MP (Queensland)
- the Hon. Mick Gentleman MLA (Australian Capital Territory).

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 2018, the Board comprised:

- Commissioner, Australian Federal Police (Chair)
- Secretary, Department of Home Affairs
- 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 and the Secretary of the Attorney-General's Department attend Board meetings as non-voting observers.

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.

BOARD DECISIONS AND CONSIDERATIONS

The following table lists Board authorisations as at 30 June 2018.

ACIC BOARD AUTHORISATIONS 2017–18

DETERMINATION	TYPE	ESTABLISHED
Vestigo Task Force	Task Force	Established 30 November 2016
Cyber-Related Offending No. 2	Special Operation	Established 13 June 2018
Firearm Trafficking No. 2	Special Operation	Established 13 June 2018
High Risk and Emerging Drugs No. 4	Special Operation	Established 13 June 2018
National Security Impacts from Serious and Organised Crime No. 3	Special Operation	Established 13 June 2018
Outlaw Motor Cycle Gangs No. 2	Special Operation	Established 13 June 2018
Highest Risk Criminal Targets No. 3	Special Investigation	Established 13 June 2018
Targeting Criminal Wealth No. 3	Special Investigation	Established 13 June 2018
Criminal Exploitation of Australia's Migration System No. 2	Special Operation	Established 13 June 2018
Emerging Organised Crime Threats No. 3	Special Operation	Established 13 June 2018
National Task Force Morpheus	Task Force	Established 1 July 2014
NCIS Task Force	Task Force	Established 13 June 2018

In addition, in 2017–18 the Board:

- endorsed the *ACIC Strategic Plan 2018–23*
- reviewed ACIC strategic priority areas and the planned activity and response to the threats identified under our special investigations and special operations
- considered arrangements for NCIS
- approved an extension of the pilot for the Enhanced Biometrics at the Border project
- noted that the Australian Cyber Security Centre is developing a website (*cyber.gov.au)* and that the functions of the ACORN could be included in this website
- approved the ACIC's revised External Governance and Engagement Model (see page 168)
- noted prioritisation of ICT projects to ensure delivery 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 the ACIC has the necessary powers to support our investigative and intelligence functions
- received briefings on outcomes from the National Criminal Intelligence Capability Committee, Law Enforcement Information Services Capability Committee, Technology Capability Committee, and Serious and Organised Crime Coordination Committee.

During the reporting year, the Board farewelled Commissioner Roman Quaedvlieg, Australian Border Force, who commenced his appointment in 2015, and Mr Greg Medcraft, ASIC Chairman, who commenced his appointment in 2009.

BOARD-ENDORSED EXTERNAL GOVERNANCE AND ENGAGEMENT MODEL

Following the establishment of the ACIC, the Board endorsed external governance arrangements to support the ACIC Board and effective operation of the ACIC. Endorsed by the Board on 30 November 2016, these arrangements include external engagement bodies comprising representatives from Board member agencies.

- 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.
- 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.
- 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.

It was agreed the model would be reviewed following 12 months of operation. In 2017, we undertook a review that explored whether the existing model, through the capability committees, provides adequate and appropriate advice to the Board and ACIC Executive.

On 13 June 2018, the Board endorsed changes to the model including:

- endorsing the Law Enforcement Information Systems and Services Capability Committee, National Criminal Intelligence Capability Committee and Technology Capability Committee formally reporting to the CEO from 1 July 2018, in accordance with the CEO's functions as prescribed under the ACC Act
- endorsing the Serious Organised Crime Capability Committee no longer reporting to the ACIC and Board from 1 July 2018
- noting the decision of Australian and New Zealand Police Commissioners Forum that the Serious Organised Crime Capability Committee will report to the Deputy Commissioners' Operational Management Meeting. The revised model transfers the Serious and Organised Crime Coordination Committee to a more appropriate body charged with responsibility for serious organised crime operations.

AUSTRALIAN COMMISSION FOR LAW ENFORCEMENT INTEGRITY

This is the ACIC's primary oversight body. 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 responsibility 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.

COMMONWEALTH OMBUDSMAN

The Commonwealth Ombudsman inspects ACIC records associated with the agency's conduct of controlled operations, use of surveillance devices and telecommunications interception, and access to telecommunications data.

During 2017–18 the Ombudsman visited ACIC offices in Brisbane, Sydney and Melbourne to conduct seven inspections. The ACIC has since received a report on each of these inspections. The reports include issues that are self-disclosed by the ACIC to the Ombudsman during inspections, as well as instances the Ombudsman has identified based on its review of our records. In most of the reports the Ombudsman also expressed satisfaction with the ACIC's transparency, commitment to compliance measures and remedial action. Reports outlining results from inspections of ACIC records become publicly available once the minister has tabled them in Parliament.

As part of the ACIC's Excellence in Compliance Strategy, the agency maintains a productive relationship with the Ombudsman's office, and its advice on best practice guides the development of our procedures and training programs.

AUSTRALIAN NATIONAL AUDIT OFFICE

In 2017–18 the Australian National Audit Office commenced the performance audit 'The Australian Criminal Intelligence Commission's administration of the Biometric Identification Services project'. The performance audit was initiated at the request of the ACIC.

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. This information can be found on the ACIC's website at <www.acic.gov.au/publications/freedom-information>.

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 2017–18 we were involved in two significant matters, which we also reported on last year. 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. This is now the subject of an application for special leave to the High Court. The second was a High Court appeal where the ACIC sought leave to intervene.

XXVII V COMMONWEALTH OF AUSTRALIA & ORS

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 Australian Crime Commission & 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.

On 11 April 2017, XXVII filed an appeal against the decision of Charlesworth J. The appeal was heard on 22 August 2017 and the Full Court's judgment was delivered on 13 April 2018, dismissing that appeal. At the time of writing, the matter was the subject of an application for special leave to the High Court, which was yet to be determined.

GALLOWAY V CDPP & ORS; HODGES V CDPP & ORS; TUCKER V CDPP & ORS; STRICKLAND V CDPP & ORS

In 2012, six people were charged with various offences. Four of the accused were examined by the then ACC before they were charged, with the examinations covering matters in relation to which they were eventually charged. The trial judge ordered a stay of their prosecutions. That stay was overturned on appeal. Special leave to appeal was granted by the High Court and the ACIC filed notices of contention in May 2018.

The appeals were heard by the High Court on 8 and 9 May 2018. Judgment was reserved.

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 2017–18.

LEGISLATIVE CHANGE

AMENDMENTS TO THE ACC ACT AND REGULATIONS

The ACIC is established pursuant to the *Australian Crime Commission Act 2002* (ACC Act). The following amendments were made to the ACC Act during the reporting period:

- The *Home Affairs and Integrity Agencies Legislation Amendment Act 2018* dealt with consequential matters arising from the establishment of the Home Affairs Portfolio, including clarifying references in the ACC Act to the Attorney-General.
- The *Crimes Legislation Amendment (International Crime Cooperation and Other Measures) Act 2018* amended legislation relating to the criminal law, law enforcement and background checking. This included clarifying that expressions defined in the ACC Act that contain 'ACC', such as 'ACC information', 'member of the staff of the ACC', and 'Board of the ACC', may also be referred to by replacing 'ACC' with a prescribed alternative acronym. This is intended to facilitate the use of the acronym 'ACIC'.

There were no changes made to the Australian Crime Commission Regulations 2002 or the Australian Crime Commission (National Policing Information Charges) determination 2016 during the reporting period. However, the life of the Regulations was extended to 1 April 2019 by the Legislation (Deferral of Sunsetting—Australian Crime Commission Regulations) Certificate 2017, made under the *Legislation Act 2003*.

OUR PEOPLE

As at 30 June 2018, we had a staff of 791 (Australian Public Service employees and statutory office holders) supplemented by 31 secondees from Commonwealth, state and territory law enforcement and other Commonwealth agencies.[26]

Our workforce includes investigators and intelligence analysts, financial profilers, operational and organisational psychologists, physical and technical surveillance operatives, technical and cyber analytics operatives, lawyers, specialist examinations staff, business and systems analysts, information architects, project and program managers and corporate services staff.

We 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 2018

STAFFING CATEGORIES	NUMBER OF STAFF	NUMBER OF FULL-TIME EQUIVALENT STAFF	AVERAGE STAFFING LEVEL DURING 2017–18
APS employees Statutory office holders	791	757.46	749.06
Secondees funded by the ACIC	17	17	17
Secondees funded by jurisdictions	14	14	14
Total core staff	822	788.46	780.06
Task force members	101		
Total overall staff	923	788.46	780.06

Notes:

1. This table reflects the number of secondees as at 30 June 2018. However, as secondees work with us for different periods of time throughout the year, the overall total of secondees for 2017–18 was 223.
2. Task force members cannot be accurately reflected in full-time equivalent and average staffing level numbers.
3. The average staffing level is provided for June 2018.
4. Further information on consultants is provided in *Chapter 4: Financial performance*.

26 The total staff figure of 791 includes 18 staff from the AIC.

SECONDEES AND TASK FORCES

- Secondees—As at 30 June 2018, we had a total of 31 secondees, both ACIC-funded and funded by other agencies. Throughout the reporting year we hosted a total of 59 secondees from 18 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 (JAG) with partner agencies. As at 30 June 2018 we had 101 task force members. Throughout the reporting year we hosted 164 task force members from 13 other Commonwealth and law enforcement agencies on short-term and long-term assignment.

A breakdown of secondees and task force staff by home agency and jurisdiction as at 30 June 2018 is in Appendix E on pages 236–239.

STAFFING PROFILE TRENDS 2010–11 TO 2017–18

HEADCOUNT AS AT 30 JUNE	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
APS and statutory office holders	628	598	584	562	581	595	810	791
Secondees funded by the ACC/ACIC	45	23	21	23	23	14	14	17
Secondees funded by other jurisdictions	19	15	20	20	13	11	10	14
Total core staff	692	636	625	605	617	620	834	822
Task force and JAG members	18	13	21	46	35	82	100	101
Total overall available resources	710	649	646	651	652	702	934	923
Full-time equivalent (APS only)	606.61	565.21	553.94	532.98	550.8	561.20	761.25	757.465
Average staffing level (APS only)	na	556.29	553.35	531.57	529.8	554.81	757.69	749.06

LOCATION

During the year, our staff were based in eight locations around the country and several overseas locations.

Note: This diagram represents the locations where ACIC staff were based as at 30 June 2018.

APS EMPLOYEES AND STATUTORY OFFICE HOLDERS BY LOCATION AS AT 30 JUNE 2018

LOCATION	NUMBER
Canberra	391
Sydney	130
Melbourne	113
Brisbane	90
Adelaide	36
Perth	26
Darwin	2
Hobart	2
London	1
The Hague	1
Washington	2

A breakdown of employment capacity by location is in Appendix E on page 236–239.

CLASSIFICATION LEVELS

We have 11 different classification levels including APS 1–6, Executive Levels 1 and 2 (EL1 and EL2), 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 2018

CLASSIFICATION LEVEL	NUMBER
APS 1	1
APS 2	2
APS 3	29
APS 4	115
APS 5	101
APS 6	145
EL 1	291
EL 2	87
SES 1	13
SES 2	3
CEO	1
Examiners	3

Note: These figures represent positions that were substantively filled as at 30 June 2018.

A breakdown of classifications in our different locations is in Appendix E on pages 236–239.

GENDER

This year, women comprised 49.4 per cent of our organisation. There are 128 more women than men at classification levels APS 1–6, but 134 more men than women at the EL1, EL2 and SES levels.

APS EMPLOYEES BY GENDER AS AT 30 JUNE 2018

GENDER	NUMBER
Men	399
Women	390
X/Indeterminate	2

A breakdown of gender distribution by classification is in Appendix E on pages 236–239.

AGE

Our age profile includes strong representation in all age brackets, which range from under 21 to over 65 years of age.

CULTURAL DIVERSITY

A total of 15.90 per cent of staff have identified that Australia is not their country of birth and 14.79 per cent do not have English as a first language, while 10.99 per cent chose not to give this information.

WORKPLACE DIVERSITY

We encourage staff to respect and value the skills and experiences of all staff members and we are increasingly 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 meets quarterly and oversees our workplace diversity program. Members of the Executive actively promote, participate in and support initiatives to improve diversity awareness and inclusivity within our workforce. During 2017–18 the Diversity and Inclusion Sub-committee developed and implemented four 2017–19 Diversity Action Plans focusing on:

- people from culturally and linguistically diverse backgrounds
- people with disability
- gender equity
- Aboriginal and Torres Strait Islander peoples.

RECONCILIATION ACTION PLAN

Our *Reconciliation Action Plan 2018–20* was launched on 19 April 2018. The new Reconciliation Action Plan (RAP) was endorsed by Reconciliation Australia and outlines our continued commitment to progressing reconciliation between Aboriginal and Torres Strait Islander and non-Indigenous Australians. Our RAP outlines specific actions we will take to foster respectful and productive relationships with Aboriginal and Torres Strait Islander peoples. In implementing the RAP, we will make a meaningful contribution to reconciliation in Australia and to increasing awareness and understanding of the Aboriginal and Torres Strait Islander culture.

We are committed to increasing mutual respect between Indigenous and non-Indigenous employees through an inclusive work environment. Two of the ACIC Executive were active champions for the inclusion of Indigenous Australians and implementation of the RAP. Through 2017–18 we have:

- commissioned an Indigenous artist to produce an artwork for the *Reconciliation Action Plan 2018–20* and hung the artwork, along with other Indigenous artworks, in prominent places throughout our offices

- celebrated and promoted the launch of the *Reconciliation Action Plan 2018–20,* National Reconciliation Week and NAIDOC Week, and provided opportunities to increase awareness and 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 and invited Elders to perform a Welcome to Country for larger events
- 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 RAP Working Group met monthly to develop the *Reconciliation Action Plan 2018–20* and implement actions.

Our rate of Indigenous employment is 1.64 per cent.

DISABILITY

A total of 2.40 per cent of staff have identified as having a disability and 10.49 per cent chose not to give this information. We have renewed our Australian Network on Disability membership and upgraded to silver membership, to enable development of strategies to improve workplace inclusivity for employees and stakeholders with disability.

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

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.

Our culture strategy is informed by and aligns with the:

- *ACIC Enterprise Agreement 2016–19*
- ACIC respect in the workplace charter
- *ACIC Strategic Plan 2016–21*
- *Public Service Act 1999* instruments and guidelines relating to workplace values in the public service, work health and safety, and performance management principles.

REMUNERATION AND BENEFITS

WORKPLACE AGREEMENTS

During 2017–18 our *ACIC Enterprise Agreement 2016–19* covered all APS 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

Our agency 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 180).

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 180). 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 $44,153 (APS 1) to $138,295 (EL 2).

SALARY BANDS UNDER OUR ENTERPRISE AGREEMENT 2016–19

CLASSIFICATION LEVEL	SALARY AS AT 30 JUNE 2018
APS 1	$44,153 –$48,799
APS 2	$50,722–$56,245
APS 3	$58,681–$63,334
APS 4	$64,501–$70,035
APS 5	$71,148–$75,731
APS 6	$77,924–$88,183
EL 1	$98,244–$118,443
EL 2	$122,744–$138,295

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 pages 196–217).

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 2018, the CEO total remuneration package was $506,060.

The ACIC Examiner total remuneration package was $452,790. Part-time Examiners receive a daily rate of $1,440.

STAFF RETENTION AND TURNOVER

In 2017–18 a total of 130 staff left the agency. Reasons included moving to another APS agency, retirement, redundancies and completing non-ongoing contracts.

APS STAFF TURNOVER AS AT 30 JUNE 2018

TERMINATION REASON	NUMBER
Completed non-ongoing contract	6
Early termination of non-ongoing contract	1
External promotion	2
External transfer	25
Invalidity retirement	1
Move to other agency	23
Resignation	50
Retired after age 55	10
Section 29(3)(c) of the *Public Service Act* (poor performance)	1
Involuntary redundancy	1
Voluntary redundancy	10

As at 30 June 2018, our retention rate was 87.3 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 is based on strategic links between business goals and key result areas when identifying opportunities for individual development.

In 2017–18, our Performance Development System completion rate was 94 per cent.

Our Performance Development System enables salary advancement for eligible employees. Employees are assessed against a three-point scale (high performing, performing well or requires improvement) and are eligible for salary advancement within their classification salary range 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 any identified under-performance. Managers and employees are supported through coaching to maintain appropriate focus on the issues at hand, strategies to manage any concerns about 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.

LEARNING AND DEVELOPMENT

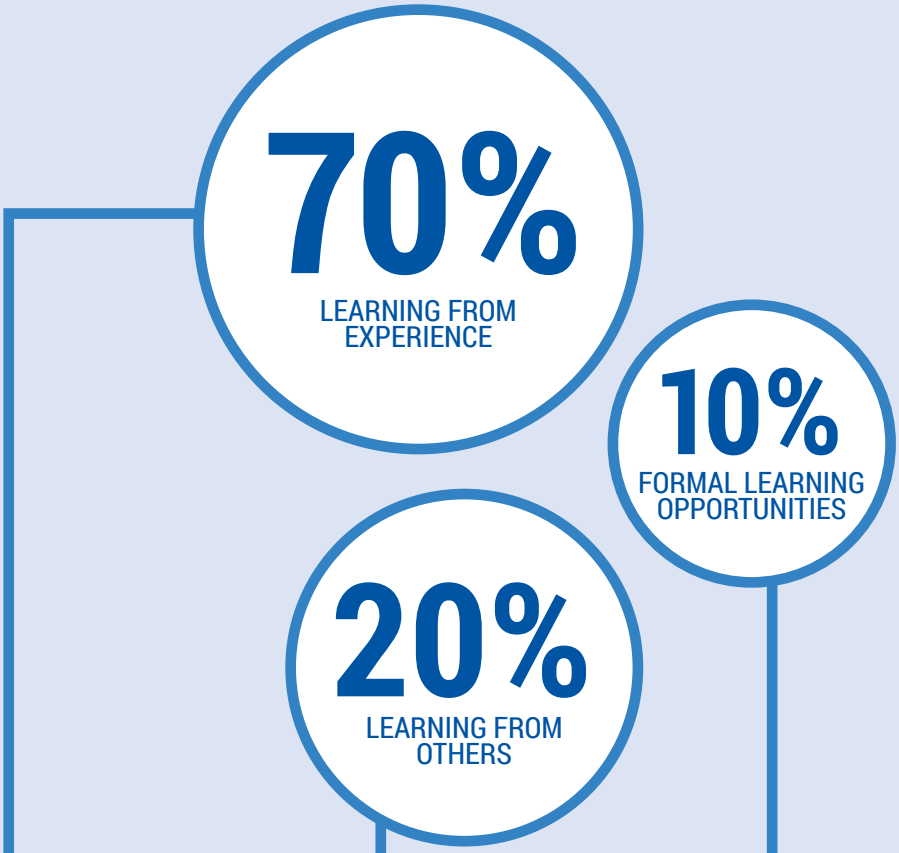
STRATEGIES

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



70% LEARNING FROM EXPERIENCE

- work assignments
- projects
- problem solving
- job rotation
- higher duties
- stretch assignments
- community involvement
- teach someone else
- research widely
- self-reflection

20% LEARNING FROM OTHERS

- coaching
- mentoring
- seeking feedback
- observing
- social events
- networks
- professional memberships
- shadowing
- powerful professional development discussions

10% FORMAL LEARNING OPPORTUNITIES

- courses
- seminars
- conferences
- online learning
- tertiary study
- self-directed learning

OPPORTUNITIES

We provide learning and development opportunities in three key areas:

- Core—We provide learning activities to support positive workplace culture and fundamental organisational practices for employees to work successfully in the ACIC environment. Examples include induction, APS Core Skills programs, culture strategies, systems training, performance development training and project management courses.
- Specialist—We work with internal subject matter experts, partner agencies and tertiary institutions to provide job-specific opportunities to enhance specialist and tradecraft capabilities. Examples include training and qualifications in investigations, compliance, analytics, national security policy, money laundering methodologies, strategic intelligence, criminology, telecommunications technology and information security training.
- Leadership and management—We invest in developing our managers and leaders through our ACIC leadership programs such as the Leadership Summit and Bootcamp for the Brain. We have worked closely with the Home Affairs Portfolio and provided our managers and leaders with development opportunities through an executive leadership coaching program and leadership series. We also provide leadership and executive coaching 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

Staff collectively attended more than 2,378 training and development opportunities and events including core/business skills, coaching and mentoring, leadership and management, conferences/networking, specialist capability development (cyber, finance and international capability, as well as information and communications technologies, intelligence, investigations and psychology), induction and compliance. Examples include:

- Criminal Intelligence Development Program—In partnership with the Australian Federal Police, we developed a joint criminal intelligence training and development continuum that is sequential in its delivery and tertiary-aligned. This followed two joint pilot programs of the Criminal Intelligence Development Program to develop skill levels of field collection operatives and intelligence analysts involved in the delivery of criminal intelligence. Both agencies assessed the pilots to be highly successful and a valuable basis for future development programs, which led to the development of the joint criminal intelligence training and development continuum. Over time, this will increase the quality of intelligence outputs across the tactical, operational and strategic spectrum, enhancing the effectiveness of Commonwealth, state and territory agencies operating in the criminal intelligence domain.

- Management expertise and business skills—This year staff undertook management and core business development opportunities to enhance our workforce capability. These programs included:
  - Appearing before Parliamentary Committees
  - Learning Cabinet processes
  - Employment law reform
  - Writing skills for Government
  - Writing skills for intelligence professionals
  - Presentation and briefing skills
  - Certified IT security
  - Leadership and management
  - Project management
  - Training and assessment
  - Unconscious bias
  - Operational ICT systems.

EVALUATION

We conducted 110 evaluation processes for internal and external training and development programs. 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.

TERTIARY STUDY SUPPORT PROGRAM

Our agency supported 19 eligible employees to undertake tertiary studies resulting in a Diploma qualification or higher in fields such as criminology, cybersecurity, fraud and financial crime, psychology, computing and law.

EMPLOYEE ENGAGEMENT

We engage with staff to seek their views and increase their level of engagement by participating in the Australian Public Service Commission employee census. Results included:

- Employee engagement—Staff believe strongly in the purpose and objectives of our agency, suggest ideas to improve our way of doing things and are happy to go the extra mile at work when required.
- Inclusion and diversity—A total of 90 per cent of respondents said the people in their workgroup behave in an accepting manner towards people from diverse backgrounds and that their supervisor actively supports people from diverse backgrounds.
- Workplace culture—Staff believe people in their work group treat each other with respect, they receive the respect they deserve and the agency encourages ethical behaviour.

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 pages 231–234) details our 2017–18 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 identified in the *Environment Protection and Biodiversity Conservation Act 1999* are integration, precautionary, intergenerational, biodiversity and valuation.

We are aware of these principles in 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:

- using 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 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.

FEATURE: DEVELOPING A CRIMINAL INTELLIGENCE TRAINING AND DEVELOPMENT CONTINUUM

Our increasingly complex criminal and security environment means we need intelligence analysts who are highly skilled, and can work under pressure and hit the ground running.

To ensure our analytical and field collection workforce are leaders in their sphere, the ACIC and Australian Federal Police jointly developed the Australian Criminal Intelligence Training and Development Continuum, a professional development program designed to challenge, expand and go beyond traditional tradecraft and current practice.

The philosophy of 'by you, with you and for you' was a guiding principle in developing the continuum. Members of the training team were drawn from ACIC and AFP intelligence teams, and program mentors and advisory working groups came from intelligence and specialist areas. Qualified trainers and curriculum designers provided support.

The training programs were specifically designed for staff members—aligning with tertiary qualifications and further development opportunities. The programs encouraged personal as well as professional development and growth for both ACIC and AFP intelligence staff.

The new training model included recruitment assessments, sequential classroom and workplace learning, and annual proficiency testing. This model acknowledges the specialist nature of skills involved in intelligence practice, which need to be continuously renewed through practice and training.

Training participants said working through potential real-life scenarios was a highlight. Using an immersive simulation system, participants worked together in simulated joint agency task forces to make time-critical decisions and demonstrate their leadership and professional skills.

Most participants commended the simulated real-life scenarios and said they responded as they would in their operational teams. Sessions following the simulations offered the opportunity for a debrief with experienced facilitators and seasoned experts from the field.

WE **MANAGE OUR FINANCES AND ASSETS RESPONSIBLY** TO SUPPORT OUR WORK AGAINST SERIOUS AND ORGANISED CRIME.

SECTION 04

FINANCIAL PERFORMANCE

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HIGHLIGHTS OF 2017–18 FINANCES

$88.446 million operating appropriation

$124.265 million other income

$16.325 million loss

Unfunded depreciation **$9.735 million**

$2.347 million capital revenue funding from other agencies

Adjusted loss of **$8.937 million**

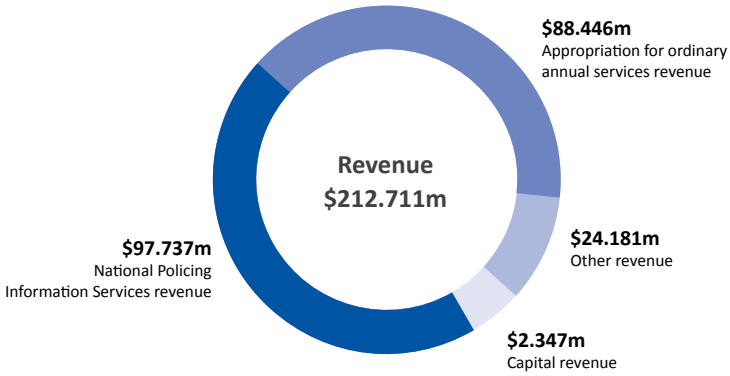
OVERVIEW OF OUR FINANCIAL PERFORMANCE

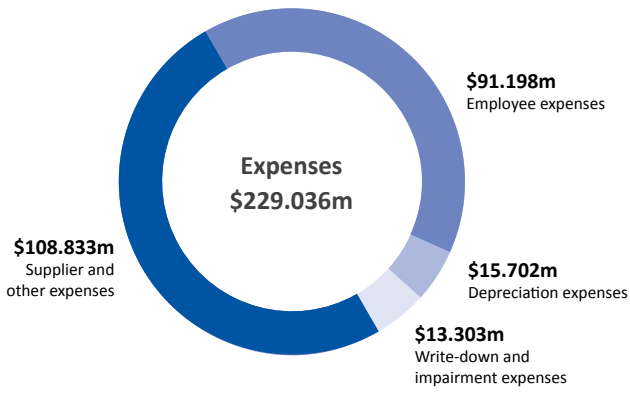
The ACIC's financial result for 2017–18 was an operating deficit of $16.325 million. The accounting standards require non-operating items such as unfunded depreciation expenses and capital funding income from portfolio agencies to be recognised as operating activity. With the exclusion of unfunded depreciation and capital funding, the ACIC would have realised a deficit of $8.937 million for the financial year, arising primarily from the closure of the Biometric Identification Services project.

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

During 2017–18 there were no instances of significant non-compliance with the finance law.

REVENUE AND EXPENDITURE ANALYSIS 2017–18



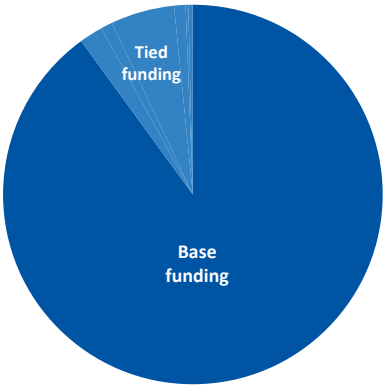


APPROPRIATION FOR 2017–18

The ACIC's total appropriation for 2017–18 was $91.666 million, which included $88.446 million operating budget, $2.640 million departmental capital budget and $0.580 million equity injection.

A breakdown of operating appropriation for 2017–18 is provided in the following chart.

OPERATING APPROPRIATION 2017–18



BASE FUNDING

$79.607m—Base funding

TIED FUNDING

$4.803m—Cyber Security Review

$1.763m—Australian Gangs Intelligence Coordination Centre

$0.886m—Physical Security Enhancement

$0.864m—National Orders Reference System

$0.326m—National Database Working with Children Checks

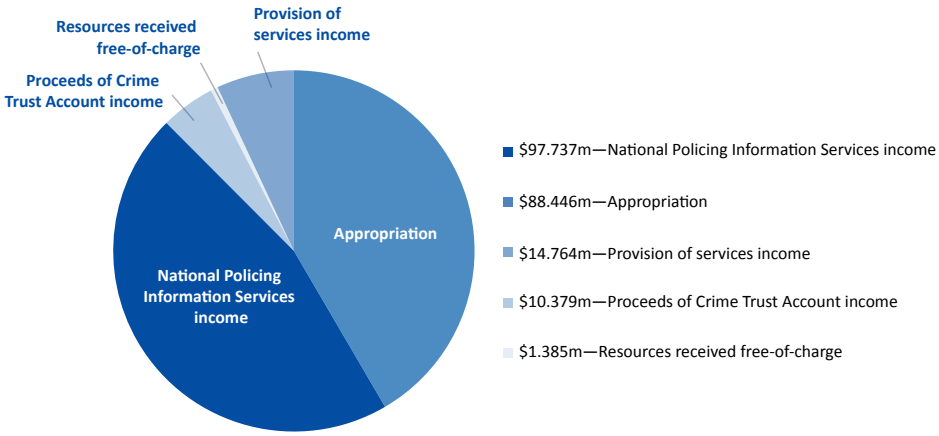
$0.197m—Cyber Security Centre 24/7

The tied funding in 2017–18 included:

- $1.763 million funding for the Australian Gangs Intelligence Coordination Centre
- $0.886 million to enhance physical security to all office buildings and personnel security capabilities, in response to the current heightened security threat
- $4.803 million to develop and enhance the ACIC's cybercrime intelligence and analysis capability in response to the 2016 Cyber Security Review recommendations
- $0.864 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
- $0.197 million for supporting the Australian Cyber Security Centre operating 24/7 to prevent and combat cyber security threats
- $0.326 million for establishing a national database of rejected applications for Working with Children Checks.

OWN SOURCE INCOME 2017–18

Revenue for 2017–18 included an $88.446 million appropriation for operating budget (which includes the tied funding listed above) and $124.265 million in own source income. Own source income includes $97.737 million as a result of provision of National Policing Information Services, $10.379 million received from the Proceeds of Crime Trust Account, $14.764 million from provision of services and $1.385 million in resources received free-of-charge.



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 National Policing Information Systems and Services Special Account and monthly reporting to the Department of Finance and ACIC Senior Executive
- full engagement with the ACIC Audit Committee
- periodic review of the Accountable Authority Instructions, policies and procedures to ensure compliance with the *Public Governance, Performance and Accountability Act 2013* and related regulations
- audit by the Australian National Audit Office and the ACIC's Internal Audit team
- face-to-face financial delegation and procurement training to financial delegates and relevant staff
- National Manager Engagement 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 2017–18

	Actual available appropriations for 2017–18 $'000 (a)	Payments made 2017–18 $'000 (b)	Balance remaining $'000 (a–b)
Departmental **Annual Appropriations—ordinary annual services**			
Prior year appropriation available	48,433	48,433	-
Departmental appropriation (including Departmental Capital Budget)	91,086	38,953	52,133
Section 74 relevant agency receipts[1]	33,094	27,128	5,966
Total ordinary annual services	**172,613**	**114,514**	**58,099**
Annual Appropriation other services non-operating			
Prior year appropriation available	335	335	-
Equity injections	580	262	318
Total other services	**915**	**597**	**318**
Total annual appropriations	**173,528**	**115,111**	**58,417**
National Policing Information and Services Special Account			
Opening Balance	117,613	-	-
Appropriation receipts	848	-	-
Non-appropriation receipts	95,823	-	-
Payments made	-	105,558	-
Total Special Account	**214,284**	**105,558**	**108,726**
Less: departmental appropriations drawn from annual appropriations and credited to special accounts	**(848)**	**(848)**	**-**
Total resourcing and payments	**386,964**	**219,821**	**167,143**

1. The section 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 2017–18 $'000	Actual expenses 2017–18 $'000	Variation $'000
Outcome 1			
Departmental expenses			
Departmental appropriation and section 74 agency receipts	96,585	107,856	(11,271)
National Policing Information Systems and Services Special Account	81,686	103,360	(21,674)
Expenses not requiring appropriation in the budget year	8,459	17,820	(9,361)
Total Departmental expenses	186,730	229,036	(42,306)
Total Expenses for Outcome 1	**186,730**	**229,036**	**(42,306)**

	Budget 2017–18	Actual 2017–18
Average staffing level (number)	**776**	**745**

ASSET MANAGEMENT

During 2017–18 we engaged an independent professional valuer to undertake a full value assessment process to determine whether asset book values as at 30 June 2018 had materially changed since the last fair value assessment in 2016–17 on leasehold improvements and property, plant and equipment. 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 2017–18 comprised:

- $26.699 million—leasehold improvements (includes asset under construction)
- $14.709 million—property, plant and equipment (includes assets under construction)
- $23.496 million—intangibles (includes assets under construction).

PROPERTY

We have ACIC offices in each capital city to support delivery of our national service. Premises in Hobart and Darwin are provided by the relevant state/territory police force and are not subject to formal lease arrangements. All other offices are under lease until at least 2022, with most due to expire from 2024 onward.

The lease on the former CrimTrac premises in Dickson, Australian Capital Territory, expired in August 2018. Following expiration of the Dickson lease, all ACIC leases are for currently in-use premises.

We have continued to engage with Victoria Police in the design of premises in their development at 311 Spencer St, Melbourne with the intention of moving the Victoria state office in 2020. This project received approval by the Minister for Finance and the Public Works Committee during 2017–18.

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. Overall the agency has a fitout density of 13 square metres per workpoint.

PURCHASING

Our approach to procuring property and services, including consultancies, is consistent with the Australian 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 2017–18 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 2017–18, the ACIC entered into six new consultancy contracts, involving total actual expenditure of $0.50 million (inc. GST). In addition, five ongoing consultancy contracts were active during 2017–18, which involved consultancy expenditure of $0.04 million (inc. GST), taking the total consultancy expense to $0.54 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 59 contracts with a total value of $11.9 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*.

PROCUREMENT INITIATIVES TO SUPPORT SMALL BUSINESS

The ACIC supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SMEs) and Small Enterprise participation statistics are available on the Department of Finance's website: <www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/>.

The ACIC recognises the importance of ensuring that small businesses are paid on time. We support the use of SMEs through various means including the use of template contracts for both low risk and higher risk procurements and compliance with the Government's Supplier Pay on Time or Pay Interest Policy.

GRANTS AND SPONSORSHIPS

Information on grants awarded by the ACIC during the period 1 July 2017 to 30 June 2018 is available at <www.acic.gov.au/about-us/governance>.

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Minister for Home Affairs

Opinion

In my opinion, the financial statements of the Australian Criminal Intelligence Commission for the year ended 30 June 2018:

(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 2018 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 2018 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, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

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 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

Bola Oyetunji
Senior Executive Director

Delegate of the Auditor-General

Canberra
18 September 2018

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2018 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.....

Michael Phelan APM
Chief Executive Officer

17 September 2018

Signed.....

Yvette Whittaker
Chief Financial Officer

17 September 2018

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2018

	Notes	2018 $'000	Budget 2018 $'000	2017 $'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	**91,198**	92,835	86,778
Suppliers	1.1B	**104,677**	70,119	79,107
Depreciation and amortisation	2.2A	**15,702**	19,006	20,851
Finance costs - unwinding of discount	2.4	**29**	-	44
Write-down and impairment of property, plant and equipment	2.2A	**13,303**	-	274
Secondees provided by state and territory and other Commonwealth agencies	1.1C	**4,127**	4,770	3,668
Total expenses		**229,036**	186,730	190,722
Own-Source Income				
Own-source revenue				
Rendering of services	1.2A	**121,967**	90,348	107,255
Other revenue	1.2B	**2,298**	-	4,625
Total own-source revenue		**124,265**	90,348	111,880
Gains				
Gains from sale of assets		**-**	-	4
Other gains		**-**	1,670	-
Total gains		**-**	1,670	4
Total own-source income		**124,265**	92,018	111,884
Net cost of services		**(104,771)**	(94,712)	(78,838)
Revenue from Government - Departmental Appropriations	1.2C	**88,446**	87,923	89,820
Surplus/(Deficit) attributable to the Australian Government		**(16,325)**	(6,789)	10,982
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves - leasehold improvements and property, plant and equipment		**4,899**	-	-
Changes in asset revaluation reserves - provision for restoration obligations		**(86)**	-	(92)
Total other comprehensive income		**4,813**	-	(92)
Total comprehensive income/(loss) attributable to the Australian Government		**(11,512)**	(6,789)	10,890

The above statement should be read in conjunction with the accompanying notes.
Budget to actual variance commentary: see *Note 6* for major variance explanations.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Notes	2018 $'000	Budget 2018 $'000	2017 $'000
ASSETS				
Financial assets				
Cash and cash equivalents	2.1A	**117,239**	5,054	122,171
Trade and other receivables	2.1B	**69,838**	155,444	61,938
Total financial assets		**187,077**	160,498	184,109
Non-financial assets				
Leasehold improvements	2.2A	**26,699**	18,378	24,904
Property, plant and equipment	2.2A	**14,709**	20,566	18,463
Intangibles	2.2A	**23,496**	41,998	26,041
Prepayments		**9,409**	4,264	6,691
Total non-financial assets		**74,313**	85,206	76,099
Total assets		**261,390**	245,704	260,208
LIABILITIES				
Payables				
Suppliers	2.3A	**22,129**	18,810	20,436
Other payables	2.3B	**20,148**	18,046	20,390
Total payables		**42,277**	36,856	40,826
Provisions				
Employee provisions	4.1A	**27,295**	25,415	26,520
Other provisions	2.4	**10,297**	1,437	3,049
Total provisions		**37,592**	26,852	29,569
Total liabilities		**79,869**	63,708	70,395
Net assets		**181,521**	181,996	189,813
EQUITY				
Contributed equity		**46,477**	46,477	43,257
Reserves		**16,528**	11,805	11,715
Retained surplus		**118,516**	123,714	134,841
Total equity		**181,521**	181,996	189,813

The above statement should be read in conjunction with the accompanying notes.
Budget to actual variance commentary: see *Note 6* for major variance explanations.

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2018

	Retained earnings			Asset revaluation surplus			Contributed equity/capital			Total equity		
		Budget			Budget			Budget			Budget	
	2018	2018	2017	**2018**	2018	2017	**2018**	2018	2017	**2018**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000	**$'000**	$'000	$'000	**$'000**	$'000	$'000
Balance carried forward from previous period	**134,841**	130,503	123,859	**11,715**	11,805	11,807	**43,257**	43,257	38,414	**189,813**	185,565	174,080
Opening balance	**134,841**	130,503	123,859	**11,715**	11,805	11,807	**43,257**	43,257	38,414	**189,813**	185,565	174,080
Comprehensive income												
Deficit for the period	**(16,325)**	(6,789)	10,982	**-**	-	-	**-**	-	-	**(16,325)**	(6,789)	10,982
Other comprehensive income	**-**	-	-	**4,813**	-	(92)	**-**	-	-	**4,813**	-	(92)
Total comprehensive income	**(16,325)**	(6,789)	10,982	**4,813**	-	(92)	**-**	-	-	**(11,512)**	(6,789)	10,890
Transactions with owners												
Contributions by owners												
Equity injection - Appropriations[1]	**-**	-	-	**-**	-	-	**580**	580	2,177	**580**	580	2,177
Departmental capital budget[1]	**-**	-	-	**-**	-	-	**2,640**	2,640	2,666	**2,640**	2,640	2,666
Total transactions with owners	**-**	-	-	**-**	-	-	**3,220**	3,220	4,843	**3,220**	3,220	4,843
Closing balance as at 30 June	**118,516**	123,714	134,841	**16,528**	11,805	11,715	**46,477**	46,477	43,257	**181,521**	181,996	189,813

The above statement should be read in conjunction with the accompanying notes.
Budget to actual variance commentary : see *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 2018

	2018 $'000	Budget 2018 $'000	2017 $'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	**88,718**	92,202	83,053
Receipts from government	**-**	14,033	-
Rendering of services	**123,135**	90,018	111,092
Net GST received	**9,447**	-	6,929
Total cash received	**221,300**	196,253	201,074
Cash used			
Employees	**90,425**	93,537	86,741
Suppliers	**110,845**	73,496	88,083
Section 74 receipts transferred to Official Public Account	**5,966**	-	5,156
Other	**2,881**	3,100	2,075
Total cash used	**210,117**	170,133	182,055
Net cash from operating activities	**11,183**	26,120	19,019
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment and intangibles	**19,335**	29,340	26,672
Total cash used	**19,335**	29,340	26,672
Net cash used by investing activities	**(19,335)**	(29,340)	(26,672)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	**3,220**	3,220	4,843
Total cash received	**3,220**	3,220	4,843
Net cash from financing activities	**3,220**	3,220	4,843
Net (decrease) increase in cash held	**(4,932)**	-	(2,810)
Cash and cash equivalents at the beginning of the reporting period	**122,171**	5,054	124,981
Cash and cash equivalents at the end of the reporting period	**117,239**	5,054	122,171

The above statement should be read in conjunction with the accompanying notes.
Budget to actual variance commentary: see *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.

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 financial statements have been prepared in accordance with:

a) Financial Reporting Rule (FRR); 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.

MODIFICATION TO APPLICABILITY OF THE PGPA FOR DESIGNATED ACTIVITIES UNDER PGPA ACT S105D:

The Minister for Finance and the Minister for Justice entered into an agreement under PGPA Act section 105D, which allows modification to specified aspects of the PGPA Act in relation to designated intelligence or security activities. The annual financial statements reflect the modifications allowed under that agreement.

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:

a) where the amount of GST incurred is not recoverable from the Australian Taxation Office; and

b) 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 2018. However as at 30 June 2018, the ACIC had a number of legal matters pending that may eventuate in judgements or outcomes 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

The ACIC did not have any events after 30 June 2018 to report on the 2017–18 financial statements.

Note 1.1: Expenses

	2018 $'000	2017 $'000
Note 1.1A: Employee Benefits		
Wages and salaries	**64,858**	62,336
Superannuation		
Defined contribution plans	**7,656**	7,070
Defined benefit plans	**5,256**	5,662
Leave and other entitlements	**13,026**	10,462
Separation and redundancies	**402**	1,248
Total employee benefits	**91,198**	86,778

Accounting Policy

Accounting policies for employee related expenses: see *Note 4.1* employee provisions.

Note 1.1B: Suppliers		
Goods and services		
IT support and maintenance	**30,769**	27,449
Consultants and contractors[1]	**26,663**	9,481
Jurisdiction fees and payments	**8,591**	8,129
Property and security expenses	**4,802**	4,750
Travel	**5,733**	4,489
Communication	**5,400**	3,112
Operational expenses	**3,868**	2,558
Staff development and training	**2,159**	2,476
Legal expenses	**2,489**	1,449
Office expenses	**1,183**	1,318
Other	**706**	681
Total goods and services	**92,363**	65,892
Other suppliers		
Operating lease rentals	**12,108**	11,902
Workers compensation expenses	**206**	1,313
Total other suppliers	**12,314**	13,215
Total suppliers	**104,677**	79,107

Leasing commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	**14,173**	15,300
Between 1 to 5 years	**58,004**	60,624
More than 5 years	**10,852**	20,034
Total operating lease commitments[2]	**83,029**	95,958

1. Consultants and contractors cost increased primarily due to additional contractor work required for ICT projects.
2. 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 1.1: Expenses (continued)

	2018	2017
	$'000	$'000
Note 1.1C: Secondees provided by State, Territory and other Commonwealth Agencies		
Paid services	**2,742**	2,075
Services provided free of charge	**1,385**	1,593
Total services provided by state and territory and other Commonwealth agencies	**4,127**	3,668

Note 1.2: Own-source Revenue

	2018 $'000	2017 $'000
Own-Source Revenue		
Note 1.2A: Rendering of Services		
Revenue—special account	**97,737**	87,359
Revenue—proceeds of crime and memoranda of understanding	**21,580**	17,302
Revenue—other	**2,650**	2,594
Total rendering of service	**121,967**	107,255

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:

a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
b) the probable economic benefits associated with the transaction will flow to 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—secondees and audit services	**1,385**	1,593
Resources received free of charge—leasehold improvements	**-**	2,777
Other	**913**	255
Total other revenue	**2,298**	4,625

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	**88,446**	89,820
Total revenue from Government	**88,446**	89,820

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	2018	2017
		$'000	$'000
Note 2.1A: Cash and cash equivalents			
Special account cash held in Official Public Account	2.5A	**108,726**	117,613
Cash at bank and on hand		**8,513**	4,558
Total cash and cash equivalents		**117,239**	122,171
Note 2.1B: Trade and other receivables			
Trade receivables		**17,007**	14,763
Comcare receivable		**15**	198
Appropriations receivable - existing programs		**49,904**	44,210
GST receivable		**2,912**	2,767
Total trade and other receivables		**69,838**	61,938

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 $'000	Property, plant and equipment $'000	Computer software - internally developed $'000	Computer software - purchased $'000	Total $'000
As at 1 July 2017					
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 1 July 2017	**24,904**	**18,463**	**24,851**	**1,190**	**69,408**
Additions					
Purchase	**2,179**	**6,956**	**9,554**	**912**	**19,601**
Revaluation recognised in other comprehensive income	**3,327**	**1,573**	**-**	**-**	**4,900**
Depreciation/amortisation	**(3,711)**	**(4,960)**	**(6,279)**	**(752)**	**(15,702)**
Write-down and impairment of property, plant and equipment[1]	**-**	**(7,323)**	**(5,980)**	**-**	**(13,303)**
Total as at 30 June 2018	**26,699**	**14,709**	**22,146**	**1,350**	**64,904**
Total as at 30 June 2018 represented by					
Gross book value	**26,699**	**14,709**	**69,406**	**8,610**	**119,424**
Accumulated depreciation, amortisation and impairment	**-**	**-**	**(47,260)**	**(7,260)**	**(54,520)**
Total as at 30 June 2018 represented by	**26,699**	**14,709**	**22,146**	**1,350**	**64,904**

1. This category includes the write off of assets under construction, valued at $12.9m, that occurred following the decision to close the Biometric Identification Services project.

There are no leasehold improvements expected to be sold or written-off of within the next 12 months.

The ACIC uses market approach and current replacement costs fair value measurement techniques to measure the fair value of property, plant & equipment and uses current replacement costs to measure the fair value of leasehold improvements.

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated in note 2.2A. As at 30 June 2018, an independent valuer conducted the revaluation of property, plant and equipment and
leasehold improvements.

A revaluation increment of $3.326m for leasehold improvements (2017: Nil) and a revaluation increment of $1.573m for property, plant and equipment (2017: Nil) were credited to the asset revaluation surplus by asset class and included in the equity section of the Statement of Financial Position. No increments/decrements were expensed in 2018 (2017: Nil).

Capital commitments

As at the 30 June 2018 the ACIC had capital commitments with respect to 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 third 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:

	2018	2017
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 2018. 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 current 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

	2018 $'000	2017 $'000
Note 2.3A: Suppliers		
Trade creditors and accruals	**19,160**	18,443
Operating lease rentals	**2,969**	1,993
Total suppliers	**22,129**	20,436
Note 2.3B: Other Payables		
Wages and salaries	**554**	541
Superannuation	**100**	98
Lease incentive[1]	**12,941**	14,580
Unearned income	**6,040**	4,726
GST Payable	**17**	81
Other	**496**	364
Total other payables	**20,148**	20,390

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

	2018 $'000	2017 $'000
Other Provisions		
Other provisions[1]	**8,669**	-
Onerous lease obligations	**113**	872
Total Other Provisions	**8,782**	872
Provision for Restoration Obligations[2]		
Opening balance	**2,177**	2,168
Additional provisions made	**352**	160
Amounts not used	**(917)**	(126)
Amounts reversed	**(126)**	(69)
Unwinding of discount	**29**	44
Closing balance as at 30 June	**1,515**	2,177
Total Other Provisions	**10,297**	3,049

1. This item relates to all anticipated costs, including legal matters following the decision to close the Biometric Identification Services project.
2. The ACIC currently has five agreements (2017: eight 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	2018 $'000	2017 $'000
Note 2.5A: National Policing Information Systems and Services Special Account[1]			
Balance brought forward from previous period		**117,613**	123,583
Total increases		**96,671**	93,484
Available for payments		**214,284**	217,067
Total decreases		**(105,558)**	(99,454)
Total balance carried to the next period		**108,726**	117,613
Balance represented by:			
Cash held in the Official Public Account		**108,726**	117,613
Total balance carried to the next period	2.1A	**108,726**	117,613

1. Legal authority: *Australian Crime Commission Act 2002* section 59C.

The purpose of the NPISS Special Account is defined by section 59E of the Australian Crime Commission 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 in accordance with section 15A;

(g) reducing the balance of the Account (and therefore the available appropriation for the Account) without making a real or notional payment.

The National Policing Information Systems and Services Special Account (NPISS Special Account) was established by *Financial Management and Accountability Determination 2006/07—National Policing Information Systems and Services Special Account Establishment 2006.* The account is a special account for the purpose of the *Public Government Performance and Accountability Act 2013.*

Note 3.1: Appropriations

Note 3.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2018

	Annual Appropriation	Adjustments to appropriation[1]	Total appropriation	Appropriation applied in 2018 (current and prior years)	Variance[2]
	$'000	$'000	$'000	$'000	$'000
Departmental					
Ordinary annual services	**88,446**	**33,094**	**121,540**	**(109,803)**	**11,737**
Capital Budget	**2,640**	**-**	**2,640**	**(2,640)**	**-**
Other services					
Equity	**580**	**-**	**580**	**(597)**	**(17)**
Total departmental	**91,666**	**33,094**	**124,760**	**(113,040)**	**11,720**

1. This includes receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

2. The variance of $11.737m in ordinary annual services includes receipts from the special account ($8.669m) relating to provisions created following the decision to close the Biometric Identification Services project and movement in bank balance.

Annual Appropriations for 2017

	Annual Appropriation	Adjustments to appropriation[1]	Total appropriation	Appropriation applied in 2017 (current and prior years)	Variance[2]
	$'000	$'000	$'000	$'000	$'000
Departmental					
Ordinary annual services	89,820	28,028	117,848	(98,554)	19,294
Capital Budget	2,666	-	2,666	(2,666)	-
Other services					
Equity	2,117	-	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 2017 attributable to the appropriation source. All liabilities as at 30 June are payable from the unspent appropriation.

Note 3.1: Appropriations (continued)

Note 3.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2018	2017
	$'000	$'000
Departmental		
Appropriation Act (No.1) 2017–18[1]	**49,063**	
Appropriation Act (No.3) 2017–18[2]	**523**	
Appropriation Act (No.2) 2017–18 Equity Injection[3]	**318**	
Appropriation Act (No.2) 2016–17 Equity Injection	-	335
Appropriation Act (No.1) 2016–17	-	43,875
Cash at bank and on hand	**8,513**	4,558
Total departmental	**58,417**	48,768

1. The Appropriation Act (No.1) balance for 2017–18 represents unused appropriation for the year.
2. The Appropriation Act (No.3) balance for 2017–18 represents unused appropriation for the year.
3. The Appropriation Act (No.2) equity injection balance for 2017–18 represents unused appropriation re-phased to future years.

Note 4.1: Employee Provisions

	2018	2017
	$'000	$'000
Note 4.1A: Employee Provisions		
Employee leave	**27,295**	25,964
Separations and redundancies	-	556
Total employee provisions	**27,295**	26,520

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 2018 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 and the three Executive Directors. In 2016–17 ACIC had a Deputy Chief Executive Officer and the position was abolished due to restructure in 2017–18. The 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.

Key management personnel remuneration is reported in the table below:

	2018	2017
	$	$
Note 4.2: Key Management Personnel Remuneration		
Short-term employee benefits	**1,140,991**	1,333,585
Post-employment benefits	**176,878**	243,921
Other long-term employee benefits	**108,926**	142,608
Total key management personnel remuneration expenses[1]	**1,426,795**	1,720,114
Total number of key management personnel[1]	**7**	6

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 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" (see *Note 1.2A*).

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	2018 $'000	2017 $'000
Note 5.1A: Categories of Financial Instruments			
Financial Assets			
Loans and receivables			
Cash and cash equivalents	2.1A	**117,239**	122,171
Trade and other receivables	2.1B	**17,022**	14,961
Total financial assets		**134,261**	137,132
Financial Liabilities			
Financial liabilities measured at amortised cost			
Trade creditors and accruals	2.3A	**19,160**	18,443
Total financial liabilities		**19,160**	18,443

Note 6: Explanations of Major Variances Between Budget and Actual

The following table provides a comparison of the original budget as presented in the 2017–18 Portfolio Budget Statements (PBS) to the 2017–18 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)
Expenses Employee benefits were broadly in line with budget (2% under). Supplier expenses exceeded budget due to unexpected levels of operation associated with the Proceeds of Crime Act activity, projects funded through New Policy Proposals, and expensed outgoings associated with the closure of the Biometric Identification Services project. The discontinued project also led to unbudgeted write off and impairment expenses, and together with delays in other capital projects, resulted in less depreciation and amortisation than budget.	*Expenses: Supplier expenses, Depreciation and amortisation, write down and impairment of property. (Statement of Comprehensive Income)*
Own-source income—rendering of services Revenues from rendering of services exceeded budget expectations due to elevated demand of the National Police Checking service, unexpected levels of revenue in respect to Proceeds of Crime Act, and other services.	*Own source income (Statement of Comprehensive Income)*
Financial assets After accounting for budget misclassification between categories, the actual balance for financial assets is approximately 17% greater than budget. The original budget was prepared before the 2016–17 actual figure could be known. As a consequence the opening balance of the 2017–18 statement of financial positions needed to be estimated and the variance between the budget and the 2017–18 actual can be at least in part be attributed to unanticipated movements in opening balances.	*Financial Assets (Statement of Financial Position)*
Liabilities—other provisions The statements reflect an unbudgeted provision for expenses associated with the closure of the Biometric Identification Services project.	*Other Provisions (Statement of Financial Position)*

WE **CONNECT**, **DISCOVER** AND
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TO **RESPOND** TO CRIME
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.

PGPA RULE REFERENCE	DESCRIPTION	REQUIREMENT	PAGE
17AD(g)	**Letter of transmittal**		
17AI	A copy of the letter of transmittal signed and dated by 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	iii
17AD(h)	**Aids to access**		
17AJ(a)	Table of contents.	Mandatory	vii
17AJ(b)	Alphabetical index.	Mandatory	248–270
17AJ(c)	Glossary of abbreviations and acronyms.	Mandatory	246–247
17AJ(d)	List of requirements.	Mandatory	220–225
17AJ(e)	Details of contact officer.	Mandatory	272
17AJ(f)	Entity's website address.	Mandatory	273
17AJ(g)	Electronic address of report.	Mandatory	273
17AD(a)	**Review by accountable authority**		
17AD(a)	A review by the accountable authority of the entity.	Mandatory	8–13
17AD(b)	**Overview of the entity**		
17AE(1)(a)(i)	A description of the role and functions of the entity.	Mandatory	2
17AE(1)(a)(ii)	A description of the organisational structure of the entity.	Mandatory	4
17AE(1)(a)(iii)	A description of the outcomes and programmes administered by the entity.	Mandatory	14–15
17AE(1)(a)(iv)	A description of the purposes of the entity as included in Corporate Plan.	Mandatory	2
17AE(1)(b)	An outline of the structure of the portfolio of the entity.	Portfolio departments—mandatory	2–4
17AE(2)	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory	14–15

PGPA RULE REFERENCE	DESCRIPTION	REQUIREMENT	PAGE
17AD(c)	**Report on the Performance of the entity**		
	Annual performance Statements		
17AD(c)(i); 16F	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	20–56
17AD(c)(ii)	***Report on Financial Performance***		
17AF(1)(a)	A discussion and analysis of the entity's financial performance.	Mandatory	188–195
17AF(1)(b)	A table summarising the total resources and total payments of the entity.	Mandatory	192–193
17AF(2)	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.	If applicable, Mandatory.	189–195
17AD(d)	**Management and Accountability**		
	Corporate Governance		
17AG(2)(a)	Information on compliance with section 10 (fraud systems).	Mandatory	iii, 159–162
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	iii
17AG(2)(b)(ii)	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	iii
17AG(2)(b)(iii)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	iii
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	143–162
17AG(2)(d) – (e)	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory	Not applicable

PGPA RULE REFERENCE	DESCRIPTION	REQUIREMENT	PAGE
	External Scrutiny		
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	163–171
17AG(3)(a)	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	170–171
17AG(3)(b)	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory	169
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	Not applicable
	Management of Human Resources		
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	180–183
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: · Statistics on staffing classification level; · Statistics on full time employees; · Statistics on part time employees; · Statistics on gender; · Statistics on staff location; · Statistics on employees who identify as Indigenous.	Mandatory	172–179, 236–239
17AG(4)(c)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the *Public Service Act 1999*.	Mandatory	176–179
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	178–179
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level.	Mandatory	178
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees.	Mandatory	178
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	178

PGPA RULE REFERENCE	DESCRIPTION	REQUIREMENT	PAGE
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	178
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	178
17AG(4)(d)(iv)	Information on aggregate amount of performance payments.	If applicable, Mandatory	178
	Assets Management		
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	193–194
	Purchasing		
17AG(6)	An assessment of entity performance against the *Commonwealth Procurement Rules*.	Mandatory	194–195
	Consultants		
17AG(7)(a)	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts 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	195
17AG(7)(b)	A statement that "*During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of $[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of $[specified million].*"	Mandatory	195
17AG(7)(c)	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	195
17AG(7)(d)	A statement that "*Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.*"	Mandatory	195

PGPA RULE REFERENCE	DESCRIPTION	REQUIREMENT	PAGE
	Australian National Audit Office Access Clauses		
17AG(8)	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	195
	Exempt contracts		
17AG(9)	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	195
	Small business		
17AG(10)(a)	A statement that "*[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.*"	Mandatory	195
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	195
17AG(10)(c)	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that "*Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website*."	If applicable, Mandatory	195
	Financial Statements		
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	196–217

PGPA RULE REFERENCE	DESCRIPTION	REQUIREMENT	PAGE
17AD(f)	**Other Mandatory Information**		
17AH(1)(a)(i)	If the entity conducted advertising campaigns, a statement that *"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."*	If applicable, Mandatory	235
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	235
17AH(1)(b)	A statement that *"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."*	If applicable, Mandatory	195
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	177
17AH(1)(d)	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	169
17AH(1)(e)	Correction of material errors in previous annual report.	If applicable, mandatory	45
17AH(2)	Information required by other legislation.	Mandatory	Not applicable

APPENDIX B: AGENCY PERFORMANCE STATISTICS

The tables below provide the detailed statistics underpinning the summary tables found in Section 2 of this report. We have included up to five years of data, where available, to enable comparative assessment of performance.

This year, to improve the presentation of our statistical results in our performance statements we have provided the average figure for the prior years—see Section 2 of the report from page 20–56. This appendix provides individual yearly statistics.

DISCOVERY OF CRIMINAL TARGETS

During this year, we revised our definitions and expanded the previously unknown targets measure to include discoveries across the range of serious organised crime types (see page 25.) Due to the change in definition and expanded scope, we will treat 2017–18 as a benchmark for future comparisons.

PREVIOUSLY UNKNOWN TARGETS IDENTIFIED

MEASURE	2014–15	2015–16	2016–17	2017–18
Previously unknown targets	-	-	-	98
Previously unknown targets—historical	156	103	125	-

Note: While this performance measure previously focused on money laundering targets, it has now been further defined and expanded to include targets across all crime types.

An extensive review of the National Criminal Target List during the year included a formal independent review (see page 25). Following on from our APOT development work, we are now working with all partners nationally to tailor the NCTL capability to meet future needs. As a result of these changes and the transitioning of the NCTL, the NCTL statistics are not comparable with previous years and have not been used, but are provided here to provide transparency and context to the change underway.

NATIONAL CRIMINAL TARGET LIST

MEASURE	2013–14	2014–15	2015–16	2016–17	2017–18
New NCTL targets—ACIC	57	29	45	24	6
New NCTL targets—all agencies	119	61	65	78	17

RESPOND: PROCEEDS OF CRIME—SUPPORTING THE CRIMINAL ASSETS CONFISCATION TASKFORCE AND OTHER PARTNERS (SEE PAGE 37)

NUMBER OF ACIC FINANCIAL REFERRALS MADE, NUMBER OF ENTITIES INCLUDED IN REFERRALS AND THE ESTIMATED MONETARY VALUE OF OFFENDING

FINANCIAL REFERRALS TO THE CACT AND OTHER PARTNERS	2013–14	2014–15	2015–16	2016–17	2017–18
Number of referrals	24	22	19	14	25
Number of entities	130	88	132	140	103
Value of offending ($)	166.49m	80.81m	56.01m	137.30m	92.91m

RESPOND: SYSTEM USAGE-POSITIVE DATA MATCHES (SEE PAGE 41)

POSITIVE DATA MATCHES THROUGH OUR SERVICES

SERVICE TYPE	SYSTEM	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Frontline	ABIN (ballistics)	na	na	76 ↑	88 ↓	54 ↑	82
Biometric and forensic	NAFIS (fingerprints)	58,693	↑ 60,398	↑ 63,971	↑ 83,940	↑ 90,729	↔ 94,458
	NCIDD (DNA)	28,270	↑ 140,498	↓ 56,685	↓ 46,829	↑ 88,493	↑ 118,968

CONNECT: AVAILABILITY (SEE PAGE 43)

NATIONAL POLICING SYSTEM AVAILABILITY [27]

SERVICE TYPE	SYSTEM	BOARD-AGREED BENCHMARK (%)*	2012–13 (%)	2013–14 (%)	2014–15 (%)	2015–16 (%)	2016–17 (%)	SUM OF 2017–18 (%)
Frontline	NPRS	**99.5**	99.7 ✓	99.5 ✓	99.7 ✓	99.6 ✓	99.6 ✓	99.14 ✗
	NNI	**99**	99.7 ✓	99.9 ✓	99.5 ✓	99.9 ✓	99.7 ✓	100 ✓
	NFID	**96**	99.5 ✓	99.9 ✓	99.8 ✓	99.7 ✓	99.7 ✓	99.46 ✓
	NFLRS	**99**	99.7 ✓	99.9 ✓	99.5 ✓	99.9 ✓	99.7 ✓	99.85 ✓
	ABIN	**95**	**na** ✓	**na** ✓	99.9 ✓	100 ✓	99.9 ✓	100 ✓
	NVOI	**99**	99.7 ✓	99.8 ✓	99.5 ✓	99.9 ✓	99.7 ✓	100 ✓
Biometric and forensic	NAFIS	**99.4**	99.4 ✓	99.8 ✓	99.7 ✓	99.7 ✓	99.5 ✓	99.84 ✓
	NCIDD	**99**	99.7 ✓	99.8 ✓	99.8 ✓	99.7 ✓	99.6 ✓	99.41 ✓
	NMPVS—DVI&MPUB	**96**	**na** ✓	**na** ✓	**na** ✓	99.7 ✓	99.9 ✓	99.62 ✓
Protection	NCOS	**99.5**	99.7 ✓	99.7 ✓	99.8 ✓	99.6 ✓	99.6 ✓	99.34 ✗
	CETS	**96**	99.7 ✓	100 ✓	99.8 ✓	100 ✓	100 ✓	99.86 ✓
Checking	NPCS	**99**	99.6 ✓	99.9 ✓	99.9 ✓	99.6 ✓	99.3 ✓	96.63 ✗
Cybercrime reporting	ACORN	**96**	na ✓	na ✓	99.6 ✓	99.5 ✓	98.8 ✓	99.45 ✓
Criminal Intelligence	ALEIN	**^**	**np**	**np**	**np**	**np**	99.8	99.98
	ACID	**^**	**np**	**np**	**np**	**np**	100	99.98
	NTS	**^**	**np**	**np**	**np**	**np**	99.9	99.97

*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.

^ There are no Board-agreed benchmarks for these systems.

np – Not published

27 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: SERVICE PROVISION (SEE PAGE 44)

NUMBER OF ACORN REPORTS RECEIVED AND REFERRED

MEASURE	2014–15	2015–16	2016–17	2017–18
Number of reports received	25,000	↑ 41,341	↑ 47,873	↑ 54,074
Number of reports referred to police	16,352	↑ 31,367	↑ 37,999	↔ 37,170
Percentage of reports referred to law enforcement agencies (%)	65.41	↑ 75.95	↔ 79.37	↓ 68.74

* ACORN commenced in November 2014. Historical Average based on 2015–16 onwards.

CONNECT: SERVICE USAGE—NUMBER OF SEARCHES (SEE PAGE 46)

LEVEL OF USAGE WHERE SYSTEMS ARE ACCESSED BY WAY OF RECORDED SEARCHES

SERVICE TYPE	SYSTEM	2013–14	2014–15	2015–16	2016–17	SUM OF 2017–18
Frontline	NPRS~	38,000,000 ↔	38,342,842 ↑	42,191,332 ↑	44,314,606 ↓	27,483,867
	NNI	1,694,887 ↓	1,567,658 ↑	1,688,727 ↓	1,534,755 ↓	1,201,207
	NFID	12,229 ↑	15,902 ↑	19,595 ↔	20,546 ↔	21,467
	NFLRS	206,000 ↑	229,261 ↑	253,178 ↑	278,010 ↑	305,298
	NVOI	2,544,849 ↑	10,290,729 ↓	9,013,329 ↓	7,311,687 ↔	6,984,620
Biometric and forensic	NAFIS	939,344 ↔	969,851 ↑	1,258,421 ↑	1,478,306 ↑	1,796,589
Criminal intelligence	ACID*	320,536 ↓	248,745 ↓	222,075 ↑	319,246 ↑	3,057,914

~ the decrease in our NPRS searches is likely to be due technology changes in some of our partner agencies who have significantly lower search numbers. This issue continues to be investigated.

* We believe that the significant spike in ACID searches is due to the use of bulk searches being initiated by some users impacting on the search capture data. This is being investigated.

CONNECT: SERVICE USAGE—POLICE HISTORY CHECKS (SEE PAGE 46)

TIMELINESS OF POLICE HISTORY CHECKS PROCESSED

	BOARD-AGREED BENCHMARK (%)*	2013–14 (%)	2014–15 (%)	2015–16 (%)	2016–17 (%)	2017–18 (%)
On time standard checks	**95.0**	91.6 ✗	95.5 ✓	96.7 ✓	97.2 ✓	95.1 ✓
On time urgent checks	**95.0**	94.4 ✗	93.7 ✗	88.2 ✗	93.0 ✗	90.7 ✗

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

CONNECT: VOLUME OF DATA (SEE PAGE 53)

SYSTEM USAGE–CUMULATIVE TOTAL OF SYSTEM RECORDS

SERVICE TYPE	SYSTEM	2012–13	2013–14	2014–15	2015–16	2016–17	INCREASE		2017–18
Frontline	NPRS	10,300,000	10,700,000	10,917,140	11,179,307	11,421,474	374,937	↔	11,796,411
	NNI	na	na	na	na	9,776,682	355,746	↔	10,132,428
	NFID	na	16,000	16,000	17,295	22,320	-9	↔	22,311
	NFLRS	6,300,000	5,200,000	6,999,953	7,772,502	8,064,194	314,592	↔	8,378,786
	ABIN	na	na	56,485	62,043	67,367	11,024	↑	78,391
	NVOI	na	na	na	na	3,465,619	179,508	↑	3,645,127
Biometric and forensic	NAFIS	na	6,300,000	6,700,000	7,400,000	8,189,758	897,006	↑	9,086,764
	NCIDD	749,601	837,798	917,947	1,005,322	1,105,007	120,075	↑	1,225,082
	NMPVS	na	na	na	na	1,487	1,475	↑	2,962
Criminal intelligence	ACID	3,539,834	3,838,024	4,117,146	4,396,917	4,680,347	280,465	↑	4,960,812
	NTS	na	na	na	na	15,864	821	↑	16,685

APPENDIX C: WORK HEALTH AND SAFETY

WORK HEALTH AND SAFETY PRIORITIES FOR 2017–18

This year we:

- strengthened our risk management and due diligence framework—this involved developing a work health and safety assurance process for operational work environments and revising due diligence checklists for officers
- strengthened our existing work health and safety systems to ensure effective and innovative work health and safety support for our agency
- 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 executive to identify, develop, review and implement measures to protect and actively manage the health and safety of employees
- promoting and monitoring measures to ensure safe work practices
- facilitating consultation and communication with employees about work health and safety matters
- undertaking functions as prescribed in the *Work Health and Safety Act 2011* and associated 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.

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.

HEALTH AND WELLBEING PROGRAM

Our Health and Wellbeing Program continues to evolve with staff input, reviews of better practice and new initiatives. The program 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 (EAP) 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
- coordinated a number of EAP awareness sessions following the engagement of a new EAP provider. Our EAP provider also coordinated mental health awareness training.

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 employees at all times
- zero blood alcohol concentration for employees working in high risk areas and less than 0.05 blood alcohol concentration for all other employees while at an ACIC workplace or on official ACIC duty.

In 2017–18, we completed 257 targeted and random, unannounced workplace drug and alcohol tests. There were three confirmed positive test results during 2017–18. Each 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 2018–19 was set at 0.54 per cent, a decrease from the previous year, which further demonstrates that our focus on early intervention and employees with psychological conditions during 2017–18 was effective.

There were three accepted workers compensation claims for injuries/diseases during 2017–18, an increase of two from the previous year.

YEAR	ACCEPTED COMPENSATION CLAIMS
2011–12	5
2012–13	6
2013–14	4
2014–15	6
2015–16	2
2016–17	1
2017–18	3

INCIDENT AND INJURY

There were 39 injuries, incidents or hazards reported in 2017–18 (this does not include notifiable incidents). There was an increase of two incidents this year, with body stressing being the most common incident.

MECHANISM OF INJURY 2017–18

MECHANISM OF INJURY	NUMBER
Being hit by moving object	2
Biological/chemical factors	0
Body stressing	12
Mental stress	2
Falls, trips, slips	6
Other and unspecified	9
Heat and electrical	1
Hazard report	7
Total	**39**

In 2017–18, 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 three notifiable incidents during 2017–18. 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

Comcare did not undertake any new investigations during 2017–18.

APPENDIX D: ADVERTISING AND MARKET RESEARCH

In 2017–18 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 $89,958.56 (including GST) was paid to Andrews Group Pty Ltd to undertake a stakeholder-related survey and develop a stakeholder strategy. Of this, $63,503.56 was paid to Andrews Group Pty Ltd during the 2017–18 reporting period.

APPENDIX E: EMPLOYEE STATISTICS

SECONDEES AND TASK FORCE STAFF BY HOME AGENCY AND JURISDICTION AS AT 30 JUNE 2018

AGENCY	SECONDEES FUNDED BY ACIC	SECONDEES FUNDED BY JURISDICTION	TASK FORCE STAFF FUNDED BY JURISDICTION
Australian Federal Police	1	2	9
Australian Taxation Office	2	3	-
Department of Health	1	-	-
Department of Human Services	1	-	-
Department of Home Affairs	1	5	37
NSW Police Force	3	3	2
Northern Territory Police	1	-	-
Queensland Police Service	1	2	9
South Australia Police	-	-	11
Tasmania Police	1	-	1
Victoria Police	2	-	28
Western Australia Police Force	3	-	4
Total	**17**	**14**	**101**

APS STAFF EMPLOYMENT CAPACITY BY LOCATION AS AT 30 JUNE 2018

LOCATION	FULL-TIME	PART-TIME	CASUAL
Sydney	108	22	-
Canberra	343	48	-
Melbourne	100	13	-
Brisbane	77	13	-
Adelaide	24	12	-
Perth	24	2	-
Darwin	1	1	-
Hobart	2	-	-
London	1	-	-
The Hague	1	-	-
Washington	2	-	-
Total	**683**	**108**	-

APS STAFF BY CLASSIFICATION AS AT 30 JUNE 2018

CLASSIFICATION	TOTALS
APS 1	1
APS 2	2
APS 3	29
APS 4	115
APS 5	101
APS 6	145
EL 1	291
EL 2	87
SES Band 1	13
SES Band 2	3
CEO	1
Examiner	3
Total	**791**

Note: These figures represent positions that were substantively filled as at 30 June 2018.

APS STAFF BY CLASSIFICATION AND LOCATION AS AT 30 JUNE 2018

CLASSIFICATION	SYDNEY	CANBERRA	MELBOURNE	BRISBANE	ADELAIDE	PERTH
APS 1	-	1	-	-	-	-
APS 2	-	1	-	-	1	-
APS 3	8	4	8	4	3	2
APS 4	20	67	9	16	1	2
APS 5	19	51	11	10	6	1
APS 6	13	91	17	12	7	3
EL 1	54	118	53	36	12	15
EL 2	13	45	12	10	5	2
SES Band 1	1	9	1	1	-	1
SES Band 2	-	3	-	-	-	-
CEO	-	1	-	-	-	-
Examiner	2	-	-	-	1	-
Total	**130**	**391**	**111**	**89**	**36**	**26**

APS STAFF BY CLASSIFICATION AND LOCATION AS AT 30 JUNE 2018

CLASSIFICATION	DARWIN	HOBART	LONDON	THE HAGUE	WASHINGTON
APS 1	-	-	-	-	-
APS 2	-	-	-	-	-
APS 3	-	-	-	-	-
APS 4	-	-	-	-	-
APS 5	1	2	-	-	-
APS 6	-	-	-	1	1
EL 1	1	-	1	-	1
EL 2	-	-	-	-	-
SES Band 1	-	-	-	-	-
SES Band 2	-	-	-	-	-
CEO	-	-	-	-	-
Examiner	-	-	-	-	-
Total	2	2	1	1	2

APS STAFF GENDER DISTRIBUTION BY CLASSIFICATION AS AT 30 JUNE 2018

CLASSIFICATION	WOMEN	MEN	X/INDETERMINATE
APS 1	-	1	-
APS 2	1	1	-
APS 3	24	5	-
APS 4	72	42	1
APS 5	70	31	-
APS 6	93	52	-
EL 1	99	191	1
EL 2	25	62	-
SES Band 1	5	8	-
SES Band 2	1	2	-
CEO	-	1	-
Examiner	0	3	-
Total	390	399	2

STAFF WHO IDENTIFY AS INDIGENOUS AS AT 30 JUNE 2018

ONGOING	NON-ONGOING
13	-

STAFF WHO IDENTIFY WITH DISABILITY AS AT 30 JUNE 2018

ONGOING	NON-ONGOING
19	-

STAFF WHO IDENTIFY AS NON-ENGLISH SPEAKING BACKGROUND AS AT 30 JUNE 2018

ONGOING	NON-ONGOING
109	7

ONGOING AND NON-ONGOING APS EMPLOYEES AS AT 30 JUNE 2018

CATEGORY	ONGOING	NON-ONGOING
Classification level		
APS 1	1	-
APS 2	2	-
APS 3	26	3
APS 4	105	10
APS 5	96	5
APS 6	144	1
EL 1	288	3
EL 2	85	2
SES Band 1	13	-
SES Band 2	3	-
CEO	-	1
Examiner	-	3
Full-time/Part-time status		
Full-time	661	22
Part-time	102	6
Gender		
Male	388	11
Female	374	16
X/Indeterminate	1	1
Location		
Sydney	124	6
Canberra	374	17
Melbourne	110	1
Brisbane	88	1
Adelaide	33	3
Perth	26	-
Darwin	2	-
London	1	-
Hobart	2	-
The Hague	1	-
Washington	2	-

GLOSSARY

AMPHETAMINE-TYPE STIMULANTS

A general term for the amphetamine-based group of drugs including MDMA (ecstasy) and methylamphetamine (ice). The full and correct name for MDMA is 3,4-methylenedioxy-N-methylamphetamine. However more widely used term 3,4-methylenedioxymethylamphetamine is used in this report.

AVAILABILITY (OF SYSTEMS)

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.

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

Deconfliction 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 deconfliction 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

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.

DISRUPTION (CONTINUED)

The level of disruptive impact achieved by law enforcement is deemed to be either 'significant' or 'severe':

- *Significant*—While not resulting in the complete disruption/dismantling of a serious organised crime entity and the cessation of their serious organised crime activities, the disruptive impact is assessed as 'significant'. This assessment is informed by the disruptive impact caused by arrests, seizures (drugs, cash, assets), tax liabilities raised, and any other disruptive results achieved.
- *Severe*—The dismantling/complete disruption of a serious organised crime entity with the cessation of their serious and organised crime activities.

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

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 factors such 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*.

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.

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 that 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.

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.

MDMA (3,4-METHYLENEDIOXYMETHYLAMPHETAMINE)

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.

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. This suite includes the *Illicit Drug Data Report*, *Organised Crime Threat Assessment* and *Organised Crime in Australia*.

PROCEEDS OF CRIME

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 to refer to those entities (persons, groups or syndicates) that are of interest to law enforcement agencies.

ACRONYMS AND ABBREVIATIONS

ABF	Australian Border Force
ABIN	Australian Ballistics Information Network
ACC	Australian Crime Commission
ACC Act	*Australian Crime Commission Act 2002*
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
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
APS	Australian Public Service
ASD	Australian Signals Directorate
ASIC	Australian Securities and Investments Commission
ASIO	Australian Security and Intelligence Organisation
ATO	Australian Taxation Office
AUSTRAC	Australian Transaction Reports and Analysis Centre
CETS	Child Exploitation Tracking System
DFAT	Department of Foreign Affairs and Trade
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
ICT	Information and communication technology
IGC	Inter-Governmental Committee
ISP	Internet service provider
JAG	Joint Analyst Group
JMG	Joint Management Group
KPI	Key Performance Indicator
MDMA	3,4-methylenedioxymethylamphetamine

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 Licensing and Registration System
NMPVS	National Missing Person and Victim System
NNI	National Names Index
NPCS	National Police Checking Service
NPRS	National Police Reference System
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 motorcycle gang
ONA	Office of National Assessments
PBS	Portfolio Budget Statement
PGPA Act	*Public Governance, Performance and Accountability Act 2013*
PJC-LE	Parliamentary Joint Committee on Law Enforcement
PM&C	Department of the Prime Minister and Cabinet
QPS	Queensland Police Service
SAPol	South Australia Police
SES	Senior Executive Service
SOCCC	Serious and Organised Crime Coordination Committee
TasPol	Tasmania Police
TCC	Technology Capability Committee
TCW	Targeting Criminal Wealth (special investigation)
Telco	Telecommunications
VicPol	Victoria Police
WAPF	Western Australia Police Force

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