



AUSTRALIAN
**CRIMINAL
INTELLIGENCE
COMMISSION**



ORGANISED CRIME IN AUSTRALIA **2017**



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FOREWORD



THE GLOBAL BUSINESS OF ORGANISED CRIME

The Australian Criminal Intelligence Commission (ACIC) commenced operations on 1 July 2016 bringing together the Australian Crime Commission and CrimTrac as one agency, along with the research capability of the Australian Institute of Criminology (AIC).

This publication is the first *Organised Crime in Australia* (OCA) report produced by the newly formed ACIC and provides an update to information published in the Australian Crime Commission's *Organised Crime in Australia 2015* report.

The *Organised Crime in Australia 2017* (OCA 2017) report provides a snapshot of serious and organised crime in Australia, exploring existing and emerging organised crime threats affecting the Australian community and national interests. Information presented in the OCA 2017 is intended to inform readers of the current trends in Australian crime markets and to provide information on how the Australian Government is addressing the threat of serious and organised crime to Australia.

Serious and organised crime touches the lives of Australians in unprecedented ways. It is destructive, pervasive and complex. In December 2015, the then Australian Crime Commission estimated the cost of serious and organised crime in Australia to be at least A\$36 billion a year. That equates to A\$1,561 out of every individual Australian's pocket and adds 6.3 per cent to the average cost of living.

Alongside the financial cost of serious and organised crime are the devastating health and social impacts of illicit drug use. There are also the highly visible flow-on effects of serious and organised crime activity on the Australian community, typically in the form of volume crime.

Serious and organised criminals control illicit markets that terrorists may seek to access to enable acts of terrorism. Links have been observed between serious and organised crime and persons of interest to counter-terrorism investigations.

Organised crime in Australia is proficient and enduring. It is transnational in nature, technology enabled and increasingly functions as a business: employing professionals; outsourcing key activities such as money laundering; diversifying into multiple criminal markets; and developing strong, consistent revenue streams through involvement in comparatively low-risk activities.

Geographic boundaries no longer contain criminal networks. Increasing access to and uptake of the internet provides serious and organised crime groups with the ability to target thousands of Australians simultaneously from anywhere in the world. Transnational organised crime groups continue to be attracted to and target Australia's lucrative illicit drug market.

As the reach of organised criminals expands to exploit markets offshore, law enforcement has also become more connected through the development of information-sharing platforms and enhanced relationships with overseas partner agencies, to effect timely information sharing on key threats and engage in joint disruptive activity.

Collaboration is occurring on national and international levels between industry, governments and law enforcement to ensure informed, considered and innovative responses to the threat of organised crime. With ACIC intelligence indicating up to 70 per cent of Australia's serious and organised crime threats are based offshore or have strong offshore links, and as visibility of criminal activities becomes increasingly obscured through new technologies and sophisticated methods, it is clear that a connected, informed and collaborative response to the threat is required.

A handwritten signature in black ink, appearing to read 'Nicole Rose', with a stylized flourish at the end.

Nicole Rose PSM
Acting Chief Executive Officer
Australian Criminal Intelligence Commission

SNAPSHOT

GLOBAL BUSINESS OF ORGANISED CRIME



Transnational

- exploits lucrative markets from locations offshore



Technology enabled

- provides access to victims all over the world



Operates as a business

- employs the services of **professionals** to advise on complex methods and techniques
- outsources key activities such as money laundering to dedicated **service providers** and **professional organisations**
- diversifies** into multiple criminal markets to permit responsiveness to shifts in supply and demand
- ensures a strong, **consistent revenue stream** through involvement in comparatively low risk markets to finance the higher risk, more lucrative aspect of their business
- proficient and enduring**



HIGHLIGHTS



Key enablers

- technology and digital infrastructure
 - encrypted** communication
 - highly networked and connected criminals
- professional **facilitators**
- money laundering organisations**
 - professional money laundering organisations and offshore service providers



Market shifts

- predicted rise in **cocaine** supply
- use of **opioids** and **fentanyl** at concerning levels



Key threats

- methylamphetamine** is an illicit drug of disproportionate harm in Australia
- exploitation of **financial sector** poses a significant risk to the integrity of the Australian economy
 - cyber enabled**
- manipulation of Australia's **visa and migration** system presents an ongoing threat to Australia's borders
- growing internet** availability and usage increases organised crime access to **vulnerable individuals**



RESPONSES

Informed

- Organised Crime in Australia* report
- National Organised Crime Response Plan 2015–18*
- National Wastewater Drug Monitoring Program*
- The National Ice Taskforce and National Ice Action Strategy 2015*

Collaborative

- Task forces and joint agency groups
- Five Eyes Law Enforcement Group

Connected

- National Criminal Intelligence System
- National Policing Systems

EXECUTIVE SUMMARY

Transnational serious organised criminal groups have had a significant impact on crime markets in Australia in the past two years, with **technology and digital infrastructure** presenting as key enablers across multiple crime types. Australia's borders face ongoing challenges from transnational organised crime and the movement of illicit goods, money and people. However, for some crime types, technology has dissolved borders that previously protected victims from offshore offenders.

The use of technology and digital infrastructure by serious and organised crime is considered a key determinant of significant changes in the criminal landscape into the future. The impact of the availability of technology can already be seen in multiple crime types, with greater instances of **technology-enabled fraud** in the areas of online banking, trade, superannuation and identity crime. The ability to target individuals remotely from any location in the world is attractive to serious and organised crime groups, who actively use technology to target the financial sector, to undertake online trading of illicit goods via the **darknet**, and to commit acts of **child sexual exploitation (CSE)** through online grooming and distribution of child exploitation material (CEM). The growing availability and usage of the internet has also increased access by organised crime to vulnerable individuals.

The ready availability of technology to reduce law enforcement visibility of serious and organised crime groups' activities has had an impact on how law enforcement agencies undertake their work. The rapid uptake of new capabilities such as **encrypted communication** devices and applications will continue to challenge law enforcement in coming years.

Professional facilitators have emerged as a fundamental issue for law enforcement and regulatory agencies. In an increasingly complex global environment, criminals engage a range of professional facilitators to commit crimes, avoid detection and conceal assets.

Money laundering continues to be a significant enabler of criminal activity, with recent joint targeting of professional money laundering organisations by domestic and international partner agencies revealing the significance and international dimension of this threat.

Over the past few years, the speed with which global trends have been replicated in Australia has increased. International law enforcement partners predict that a significant increase in coca cultivation in Colombia will result in cocaine supply to the United States increasing to levels not seen in the past 10 years. Significant detections of **cocaine** in Australia in late 2016 and early 2017 may suggest an expansion of this market in Australia. Agencies in the United States and Canada report concerns with opioid abuse and a rise in the use of fentanyl. Results of the ACIC's National Wastewater Drug Monitoring Program (NWDMP) in 2017 indicate oxycodone and **fentanyl** consumption (licit and illicit) across all jurisdictions is at concerning levels.

Methylamphetamine¹ use is of ongoing concern and is considered by the ACIC as an illicit drug of disproportionate harm in Australia. The results of the NWDMP identify methylamphetamine as the highest-consumed illicit drug tested across all regions in Australia, with Australia ranking second for the consumption of methylamphetamine when compared with 17 European countries with comparable reported data.

¹ The word 'methylamphetamine' is used in this report to describe the various forms of methylamphetamine including crystal methylamphetamine (commonly referred to as 'ice') and methamphetamine, unless specifically referenced.

The expansion of serious and organised crime activity in the **financial sector** poses a significant risk to the integrity of the Australian economy, financial markets, regulatory frameworks and revenue collection. Finally, manipulation of Australia's **visa and migration system** presents ongoing challenges to the security of the border, as transnational organised crime seeks to enable the movement of people, money and illicit goods in support of criminal enterprise.

HOW WE ARE RESPONDING

The *National Organised Crime Response Plan 2015–2018* articulates Australia's national response to the threat posed by serious and organised crime. Current responses to serious and organised crime recognise the growing international dimension of the threat and the need for strong partnerships with domestic and international agencies. Initiatives require a coordinated national and international approach that harnesses collective resources, capabilities, expertise and knowledge.

The following provides a summary of some of the key initiatives from the *National Organised Crime Response Plan 2015–2018* and other recent strategies aimed at reducing the threat from serious and organised crime and its impact on the Australian community.

INFORMED

- National Wastewater Drug Monitoring Program—funding allocated in 2016 to implement the NWDMP. The program will analyse wastewater over a three-year period to provide a measure of the demand for a range of licit and illicit drugs. Results of the NWDMP will inform governments and effectively direct resources to priority areas.
- National Ice Taskforce—established by the Australian Government in April 2015. Taskforce findings informed the development of the *National Ice Action Strategy 2015*, endorsed by the Council of Australian Governments in December 2015. The strategy aims to reduce the prevalence of ice use and resulting harms in the Australian community.

COLLABORATIVE

Task force and joint agency arrangements

- initiatives of the Serious and Organised Crime Coordination Committee including ACIC Task Force Morpheus² focusing on activities of outlaw motorcycle gangs (OMCGs) and Operation Athena targeting the illegal firearms market
- intelligence hubs including the Australian Gangs Intelligence Coordination Centre (AGICC)³ and the National Criminal Intelligence Fusion Capability
- Task Force Vestigo⁴ created to enhance international engagement and collaboration in responding to the threat posed to Australia by high-risk serious and organised crime entities either based overseas or with direct links to criminal entities based overseas
- international collaboration through involvement in the Five Eyes Law Enforcement Group (FELEG)
- Serious Financial Crime Taskforce (SFCT), specifically targeting fraud, money laundering and defrauding the Commonwealth

2 Morpheus is a joint law enforcement initiative across Commonwealth and national law enforcement, with a focus on outlaw motorcycle gangs (OMCGs) that pose a high risk to the Australian community.

3 The AGICC provides a dedicated intelligence capability for the AFP-led National Anti-Gangs Squad (NAGS).

4 Established November 2016.

- Australian Transaction Reports and Analysis Centre (AUSTRAC) memorandums of understanding with the China Anti-Money Laundering Monitoring and Analysis Centre and the Jordanian Anti Money Laundering and Counter Terrorist Financing Unit to facilitate the exchange of financial intelligence
- joint government and industry initiatives:
 - Fintel Alliance⁵
 - Australian Financial Crimes Exchange (AFCX)⁶
- initiatives to reduce the threat of cybercrime including:
 - *National Cyber Security Strategy*
 - Australian Cyber Security Centre
 - Participation in the International Global Operations Targeting Unit
- Increased funding for Australian Border Force Tobacco Strike Team to combat criminal syndicates attempting to smuggle illicit tobacco into Australia
- Operation Sovereign Borders, a border security operation aimed at combating maritime people smuggling and protecting Australia's borders
- Joint Anti Child Exploitation Teams working to identify online sexual predators
 - Carly's Law⁷ was recently passed by federal parliament to enhance the capability of law enforcement to respond to criminals who misrepresent their age with the intent to cause harm, engage in or procure sexual activity with a minor.

CONNECTED

Advances in technology are contributing to law enforcement's ability to discover, understand and respond to serious organised crime. Initiatives include:

- Australia's biometric Face Verification Service⁸
- ACIC's National Criminal Intelligence System (NCIS) pilot program
- technological developments—including DNA analysis, spatial monitoring software, thermal imagery, and GPS-enabled cameras and smartphones—being used in new ways to detect criminal activities
- improved monitoring of the scope of the Australian illicit firearm market including:
 - Australian Firearm Information Network⁹
 - National Firearm Identification Database¹⁰.

5 A world-first public-private partnership established by Australian Transaction Reports and Analysis Centre (AUSTRAC) and launched in March 2017.

6 The Australian Financial Crimes Exchange (AFCX) brings together business, government, law enforcement agencies and industry groups to combat the threat from financial and cybercrime by providing leading security capabilities, technology and intelligence in one central platform

7 *Criminal Code Amendment (Protecting Minors Online) Act 2017*.

8 In November 2016, the first phase of Australia's biometric Face Verification Service became operational, providing the Department of Foreign Affairs and Trade and the Australian Federal Police access to citizenship images held by the Department of Immigration and Border Protection.

9 An ACIC-hosted viewing platform for jurisdictional firearm data, both historical and contemporary, on licit and illicit firearms located by law enforcement.

10 Online tool used by jurisdictions to standardise terminology according to industry specifications of firearms and their variants.