



CHAIR ANNUAL REPORT 2013-14

BOARD OF THE AUSTRALIAN CRIME COMMISSION



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Letter of transmittal

30 January 2015

The Hon Michael Keenan MP
Minister for Justice
Parliament House
Canberra ACT 2600

Dear Minister

On behalf of the Board of the Australian Crime Commission, I am pleased to present our annual report for the financial year ended 30 June 2014.

The *Australian Crime Commission Act 2002* (ACC Act) requires that the Chair of the Board prepare a report on the Australian Crime Commission's operations during the year as soon as practicable after 30 June. In accordance with the ACC Act, I have provided our report to the Inter-Governmental Committee on the Australian Crime Commission for transmission and then to the Commonwealth Minister and the appropriate Minister of the Crown of each participating state. The ACC Act requires the report be laid before each House of Parliament, within 15 sitting days of that House, after you receive the report.

This report outlines the Australian Crime Commission's operations during 2013–14. It has been prepared in accordance with section 61 of the ACC Act.

During 2013–14, the Board contributed to the Crime Commission's strategic direction, considered key areas of work and supported national initiatives against serious and organised crime.

The Board would like to acknowledge the contributions of former Australian Crime Commission Chief Executive Officer, Mr John Lawler AM APM and former Chair of the Australian Crime Commission Board, Commissioner Tony Negus APM following their respective retirements during the year.

We also congratulate the Australian Crime Commission on its achievements this year, including investigative and intelligence outcomes that have contributed to a reduction in the threat and impact of serious and organised crime.



Andrew Colvin APM OAM
Chair
Board of the Australian Crime Commission

About this report

This report by the Chair of the Australian Crime Commission Board documents the operations of the Crime Commission for 2013–14, as required by the *Australian Crime Commission Act 2002* (ACC Act). The Board does not have its own staff or budget so there are no financial statements to report.

This report is presented to the Commonwealth Minister for Justice and appropriate ministers of each participating state and territory.

The separate annual report by the Australian Crime Commission Chief Executive Officer (CEO) fulfils the requirements of government agencies under the *Financial Management and Accountability Act 1997* and the *Requirements for Annual Reports* issued by the Department of the Prime Minister and Cabinet.

It includes information about the Australian Crime Commission's progress against Portfolio Budget Statement performance indicators as well as details about the agency's structure, staffing and audited financial statements.

By producing separate reports, the Chair and the CEO are able to directly address requirements of the respective legislation.

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An electronic version of this report, along with further information about the Australian Crime Commission and its work, is available on the website at www.crimemission.gov.au

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Coercive powers

The Australian Crime Commission's coercive powers are similar to those of a Royal Commission and may only be exercised by an Examiner for special operations or special investigations.

The special powers allow the Commission to summon 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.

The Australian Crime Commission Board is responsible for determining if an operation or investigation is 'special', thereby authorising the use of coercive powers. These powers may only be used where traditional law enforcement methods have either not been, or are unlikely to be, effective.

Chair's review

Tony Negus APM



A year of collaboration and change

When the Australian Crime Commission was established in 2003, it provided an opportunity for law enforcement to come together under one banner to work collaboratively to manage nationally significant crime. In 2013–14, the need for this collaborative approach is as apparent as ever.

In a time when the sophistication and reach of serious and organised crime is growing, the Australian Crime Commission—with support of the Board—continues to bring together experts from a range of Commonwealth, state and territory law enforcement, national security and regulatory agencies to build the intelligence picture and strengthen Australia's response to serious and organised crime.

In October 2013, Chief Executive Officer (CEO), Mr John Lawler AM APM retired following a distinguished career in law enforcement and five years at the helm of the Australian Crime

Commission. The Board would like to acknowledge and thank Mr Lawler for his service and leadership during his tenure. Under his guidance the Australian Crime Commission truly became a national intelligence agency and has set the foundation for the innovative and collaborative responses required to tackle serious and organised crime.

In April 2014, the Board welcomed Mr Chris Dawson APM to the Australian Crime Commission. Mr Dawson's distinguished career in the Western Australia Police has provided him with the fortitude to lead and continue the important work of the agency. In welcoming Mr Dawson as Chief Executive Officer, the Board would also like to acknowledge and thank Mr Paul Jevtovic APM for his leadership of the agency following Mr Lawler's retirement.

During the course of 2013–14, the Board observed the practical application of the Australian Crime Commission's *Strategic Plan 2013–18*.

The Plan focuses on building the agency's capability and working with its partners to deliver effective results with the underpinning philosophy of 'discover, understand, respond'. This was the first year the Plan was in action, and the positive development of these focus areas was evident in the results achieved during 2013–14.

Innovation and action

As the sophistication and reach of serious and organised crime continues to increase, law enforcement must exceed the innovation demonstrated by organised criminals. In response, this year the Australian Crime Commission's activities led to 39 disruptions of criminal behaviour or entities—the highest in five years—the seizure of illicit drugs worth more than \$386 million and the arrest of 371 people on 617 charges.

However, these statistics are not the only notable achievements for the agency.

Through cross-jurisdictional collaboration, the sharing of intelligence and resources, harnessing new technologies, and drawing on the capabilities of both traditional and non-traditional partners—including the private sector—the agency and its partners are developing innovative techniques to identify and respond to policy, legislative and operational gaps in order to achieve effective outcomes.

The Eligo National Task Force is proving to be one of Australia's most successful money laundering investigations to date. Established by the Board in December 2012, the outcomes are unprecedented—just this year activities conducted by the Task Force resulted in 12 disruptions, the identification of 95 previously unknown criminal targets, the seizure of more than \$21 million in cash and drugs worth an estimated street value of more than \$140 million, and 227 charges against 110 people.

Established to reduce money laundering risks in the alternative remittance sector, Eligo is taking an innovative approach to investigative and intelligence activities. Using the tried and tested method of 'following the money', the Task Force is broadening its scope to track multiple targets involved in suspicious money movements, rather than focusing on one individual at a time.

As a result, Eligo is increasing understanding of money laundering methodology which is leading to not only arrests and seizures, but also the development of long-term prevention strategies which will drive professionalism within the sector making it more resistant to organised crime.

In June the Board authorised the extension of the Eligo National Task Force for a further 12 months until 30 June 2015. This will enable the continued delivery of strategies to mitigate the money laundering risks inherent in the industry.

Approved by the Board in June 2012, the Attero National Task Force continues to garner results and strengthen Australia's efforts to combat serious and organised crime. Attero was established to disrupt the criminal activities of the Rebels outlaw motor cycle gang.

Collaboration across jurisdictions has led to significant results for Attero, including 2276 arrests, the seizure of 39 firearms and other weapons and the recovery of more than \$15.5 million in tax debt. However, it is not just these results which demonstrate Attero's success.

Through enhanced cross-jurisdictional coordination, shared resources and capabilities, as well as the promotion of collaborative arrangements between traditional and non-traditional partners, the Task Force has created mechanisms for the ongoing identification and targeting of policy, legislative and operational gaps which support both jurisdictional and national responses to serious and organised crime.

The Australian Gangs Intelligence Coordination Centre commenced operations within the Australian Crime Commission's headquarters in December.

The Centre works across the Australian Crime Commission-led National Criminal Intelligence Fusion Capability and Joint Analyst Groups in providing a dedicated intelligence capability to the Australian Federal Police-led National Anti-Gangs Squad and its associated strike teams, and has provided invaluable strategic intelligence to its partners—including Board agencies—which has supported more than 28 state and territory investigations targeting outlaw motor cycle gangs.

The AGICC's unique and innovative data collection and information sharing capabilities have resulted in collaboration across the jurisdictions, influenced operational decision making and the formation of investigations, as well as improved understanding of outlaw motor cycle gangs.

Now and into the future

The Board of the Australian Crime Commission continues to work with the agency to ensure it is focused on the highest criminal threats. In 2013–14, the Board authorised nine new special investigations and operations which effectively replaced previous Determinations, and authorised an additional special operation targeting outlaw motor cycle gangs.

The Board considered a range of strategic issues and advice throughout the year. In addition to intelligence products and advice provided by the agency, representatives also considered advice from the Australian Criminal Intelligence Forum and the Serious Organised Crime Coordination Committee.

Both these forums provide an opportunity to strengthen engagement across jurisdictions and with national security, policy and regulatory agencies, to support a consistent and collaborative approach to serious and organised crime.

Advice received from the agency and these forums assist to inform strategic direction and priorities, which enables the Board to lead the response to national criminal issues. For example, the Board considered a paper outlining the increasing risk posed by the uptake, diversity and sophistication of encrypted communications technology and the challenges faced by law enforcement and national security agencies as criminals increasingly use these technologies.

Related to issues around encrypted communications, the Board also considered data retention issues and the proposed legislative amendments to the *Telecommunications (Interception and Access) Act 1979*.

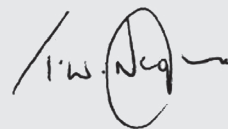
Recognising the need to continue to develop national collectively owned and used technologies, the Board considered options for the long-term future of the Australian Criminal Intelligence Database and Australian Law Enforcement Intelligence Network and supported the development of the National Criminal Intelligence System which will facilitate real-time collaboration and intelligence sharing.

The Board also considered a number of strategic intelligence products throughout the year including the *Organised Crime Threat Assessment 2014* which identifies the key nationally significant organised crime threats to allow for an integrated and collaborative Commonwealth response to organised crime, and the *National Criminal Target Report 2014* which provides a strategic overview of the threat and risk posed by serious and organised crime targets recorded on the National Criminal Target List.

Through a combination of strategic, operational and tactical intelligence and investigative activities—as well as harnessing innovative technologies—the Australian Crime Commission will continue to develop and harness skills and resources from traditional and non-traditional partners and be able to achieve its vision of reducing serious and organised crime threats of most harm to Australians and the national interest.

In conclusion

In September 2014, I will leave my role as Chair, Board of the Australian Crime Commission. While this report has provided me the opportunity to reflect on the achievements of the agency this year, I note that over the last five years—and indeed 10 years as celebrated in 2013—the agency has grown its intelligence and investigative capabilities to achieve very tangible outcomes for the benefit of the community. I have no doubt the Board will continue to drive successful collaborative responses to serious and organised crime now and into the future.



Commissioner Tony Negus APM
Chair, Board of the Australian
Crime Commission
5 September 2014



The importance of working
collaboratively to respond to
nationally significant crime
is as apparent as ever.



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Introduction

About the Board

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Board members and meetings

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About the Board

The Australian Crime Commission Board is chaired by the Commissioner of the Australian Federal Police and is comprised of the heads of a number of Commonwealth, state and territory agencies, and the Chief Executive Officer of the Australian Crime Commission as a non-voting member. For more information about the composition of the Board see page 10.

Board functions

The Board is responsible for providing strategic direction to the Australian Crime Commission and determining which investigations and operations will be authorised to include the use of the agency's coercive powers. The functions of the Board are outlined by the *Australian Crime Commission Act 2002* (the Act) and are to:

- determine National Criminal Intelligence Priorities
- provide strategic direction to and determine the priorities of the agency
- authorise—in writing—the agency to undertake intelligence operations or investigations relating to federally relevant criminal activity

- determine—in writing—whether the operations or investigations are deemed 'special' and as such coercive powers may be used
- determine—in writing—the class or classes of persons able to participate in an operation or investigation
- establish task forces
- disseminate strategic criminal intelligence assessments provided to the Board by the agency to domestic or foreign law enforcement agencies or to any other agency or body of the Commonwealth, state or territory prescribed by the *Australian Crime Commission Regulations 2002*
- report to the Inter-Governmental Committee on the agency's performance¹.

The Board also undertakes other functions as conferred by other provisions under the Act.

Strategic framework

The Board carries out its legislative functions under a formal strategic framework. The framework sets out the decision-making cycle which links the Australian Crime Commission's operating model with the Board's statutory decision making responsibilities.

The framework supports effective participation in processes and discussions to identify the agency's strategic direction and priorities, and achieve the Australian Crime Commission's outcome.

Decision making

There are three phases to the Board's decision making process:

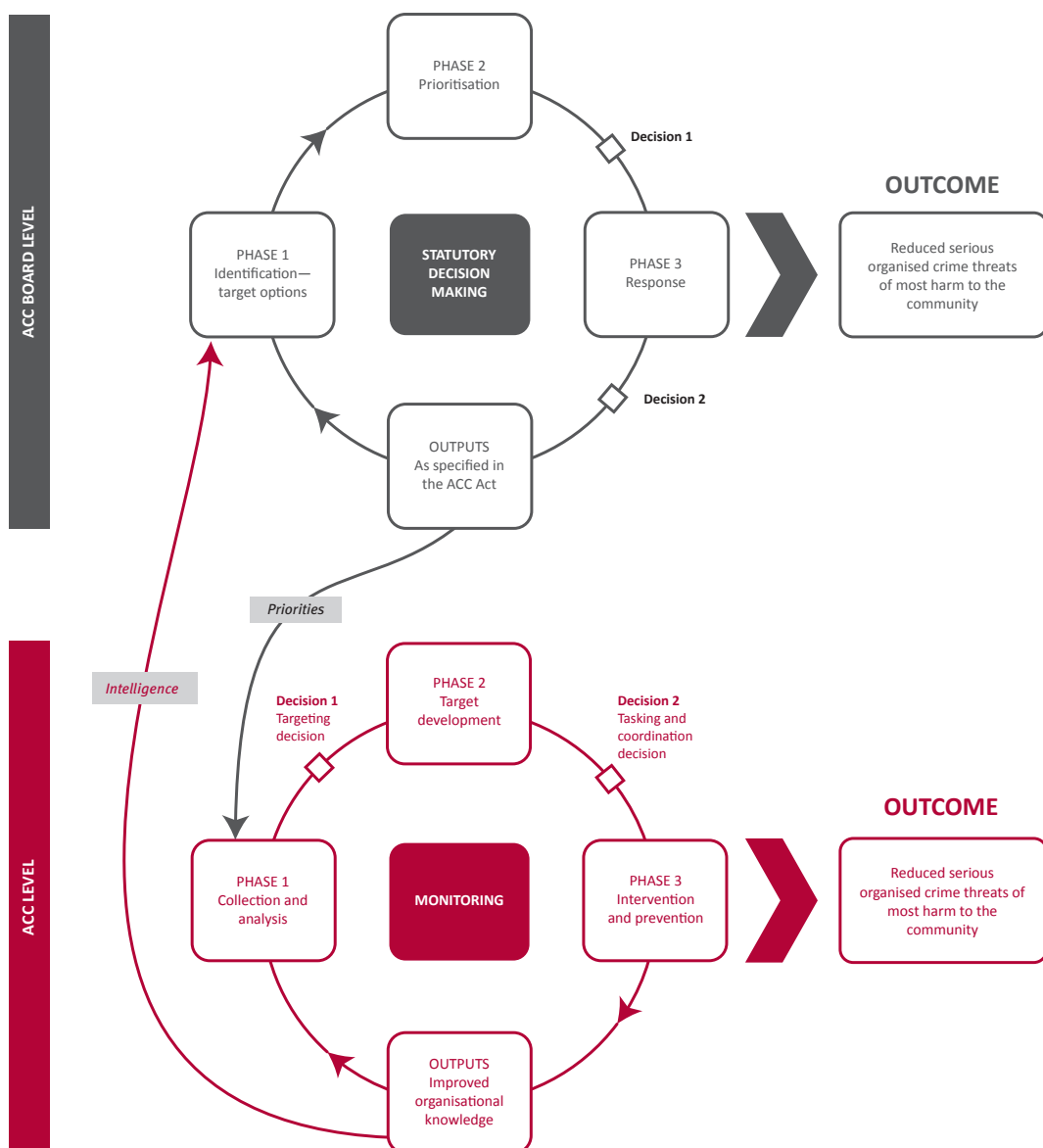
- Phase 1: identification—target options
- Phase 2: prioritisation
- Phase 3: response.

The Board receives and considers a range of intelligence products and information from the Australian Crime Commission. In considering advice from the agency—and drawing on their own experience as leaders in law enforcement, national security and regulatory arenas—Board members endorse the National Criminal Intelligence Priorities. This is a legislated function of the Board.

The Australian Crime Commission Board considers a range of matters throughout the year including strategic issues, significant areas of current agency work and potential new areas of work. Taking these matters into account, the Board sets priorities for the agency by authorising investigations and intelligence operations and confirms if these operations are deemed 'special' to enable the use of coercive powers.

¹ The functions of the Australian Crime Commission Board are outlined in Section 7C of the Act available http://www.austlii.edu.au/au/legis/cth/consol_act/acca2002289/s7c.html


Strategic framework












Board members and meetings

The Australian Crime Commission Board has 15 standing members, including the Chief Executive Officer who is a non-voting member. Under the Act, the Board is required to meet at least twice a year, however—in practice—the Board meets at least four times a year.

Attendance at Board meetings 2013–14

	4 Sep 2013	27 Nov 2013	12 Mar 2014	11 June 2014
 Commissioner Tony Negus APM, Australian Federal Police [Chair]	✓	✓	✓	✓
 Mr Roger Wilkins AO, Secretary, Attorney-General's Department	✓	✓	✓	✓
 Mr Michael Pezzullo, CEO, Australian Customs and Border Protection Service	✓	✗	✓	✓
 Mr Greg Medcraft, Chairman, Australian Securities and Investments Commission	✓	✓	✓	✓*
 Mr David Irvine AO, Director-General of Security, Australian Security Intelligence Organisation	✓	✓	✓	✓
 Commissioner Andrew Scipione APM MM, NSW Police Force	✓	✓	✗	✓
 Chief Commissioner Ken Lay APM, Victoria Police	✓	✓*	✓	✓
 Commissioner Ian Stewart APM, Queensland Police Service	✓	✓	✓	✓

		4 Sep 2013	27 Nov 2013	12 Mar 2014	11 June 2014
	Commissioner Gary Burns BM APM, South Australia Police	✓	✓	✓	✓
	Commissioner Karl O'Callaghan APM, Western Australia Police	✓	✓	x	✓
	Commissioner Darren Hine APM, Tasmania Police	✓	✓	✓	✓
	Commissioner John McRoberts APM, Northern Territory Police	✓	✓	✓	x
	Assistant Commissioner Rudi Lammers APM, Chief Police Officer, ACT Policing	✓	✓	✓*	✓*
	Mr Chris Jordan AO, Commissioner of Taxation, Australian Taxation Office	✓	✓	✓*	✓
	Mr John Lawler AM APM, CEO, Australian Crime Commission	✓			
	Mr Paul Jevtovic APM, Acting CEO, Australian Crime Commission		✓	✓	
	Mr Chris Dawson APM, CEO, Australian Crime Commission				✓

* Represented by a person officially acting in the Board member's position.
Shading denotes person was not a Board member at the time of the meeting.

In 2013–14, the Board considered and approved applications to establish, extend or close existing agency work priorities (Determinations) and other activities:

Board authorisations 2013–14

	Type	Decision type and date	Current until
Highest Risk Criminal Targets No.2	Special Investigation	Established 4 September 2013	30 June 2016
Targeting Criminal Wealth No.2	Special Investigation	Established 4 September 2013	30 June 2016
High Risk and Emerging Drugs No.2	Special Operation	Established 4 September 2013	30 June 2016
National Security Impacts from Serious and Organised Crime No.2	Special Operation	Established 4 September 2013	30 June 2016
Making Australia Hostile to Serious and Organised Crime No.2	Special Operation	Established 4 September 2013	30 June 2016
Indigenous Violence or Child Abuse No.3	Special Operation	Established 4 September 2013	30 June 2014 (closed)
Child Sex Offences No.2	Special Operation	Established 4 September 2013	30 June 2016
Highest Risk Criminal Targets—South Australia	State Special Investigation	Established 4 September 2013	30 June 2016
Highest Risk Criminal Targets—Victoria	State Special Investigation	Established 4 September 2013	30 June 2016
Outlaw Motor Cycle Gangs	Special Operation	Established 4 September 2013	30 June 2016
Eligo National Task Force	Task Force	Extended 11 June 2014	30 June 2015
Attero National Task Force	Task Force	Extended June 2014	31 December 2014

Existing Board authorisations

The following authorisations were closed during 2013–14.

	Type	Decision type (month/year)	Current until
Task Force Galilee	Task Force	Extended 12 June 2012	30 June 2014
Indigenous Violence or Child Abuse No.2	Special Intelligence Operation	Extended 12 June 2012	30 June 2014
National Indigenous Violence or Child Abuse Task Force	Task Force	Extended 12 June 2012	30 June 2014

In addition, in 2013–14 the Board:

- considered a number of strategic issues, including:
 - the increasing risk posed to Australia’s law enforcement and national security agencies by increased uptake, diversity and sophistication of encrypted communications technology used by serious and organised crime groups
 - findings from the Australian Crime Commission’s 2012–13 Stakeholder Survey
 - proposed legislative amendments to the *Telecommunications (Interception and Access) Act 1979*, with a specific focus on data retention
 - options for the longer-term future of the Australian Criminal Intelligence Database and Australian Law Enforcement Intelligence Network
- received reports from the Chair of the Australian Criminal Intelligence Forum
- received reports on progress of key Australian Crime Commission activities, as well as reports from Chair of the Serious and Organised Crime Coordination Committee and Australian Crime Commission Audit Committee Chair
- discussed initiatives being progressed in response to the threats posed by outlaw motor cycle gangs
- considered the final lessons learned from the National Organised Crime Task Force
- considered three of the four intelligence products that make up the Picture of Criminality in Australia suite: *Organised Crime Threat Assessment 2014* and *National Criminal Target Report 2014* and *Illicit Drug Data Report 2012–13*.