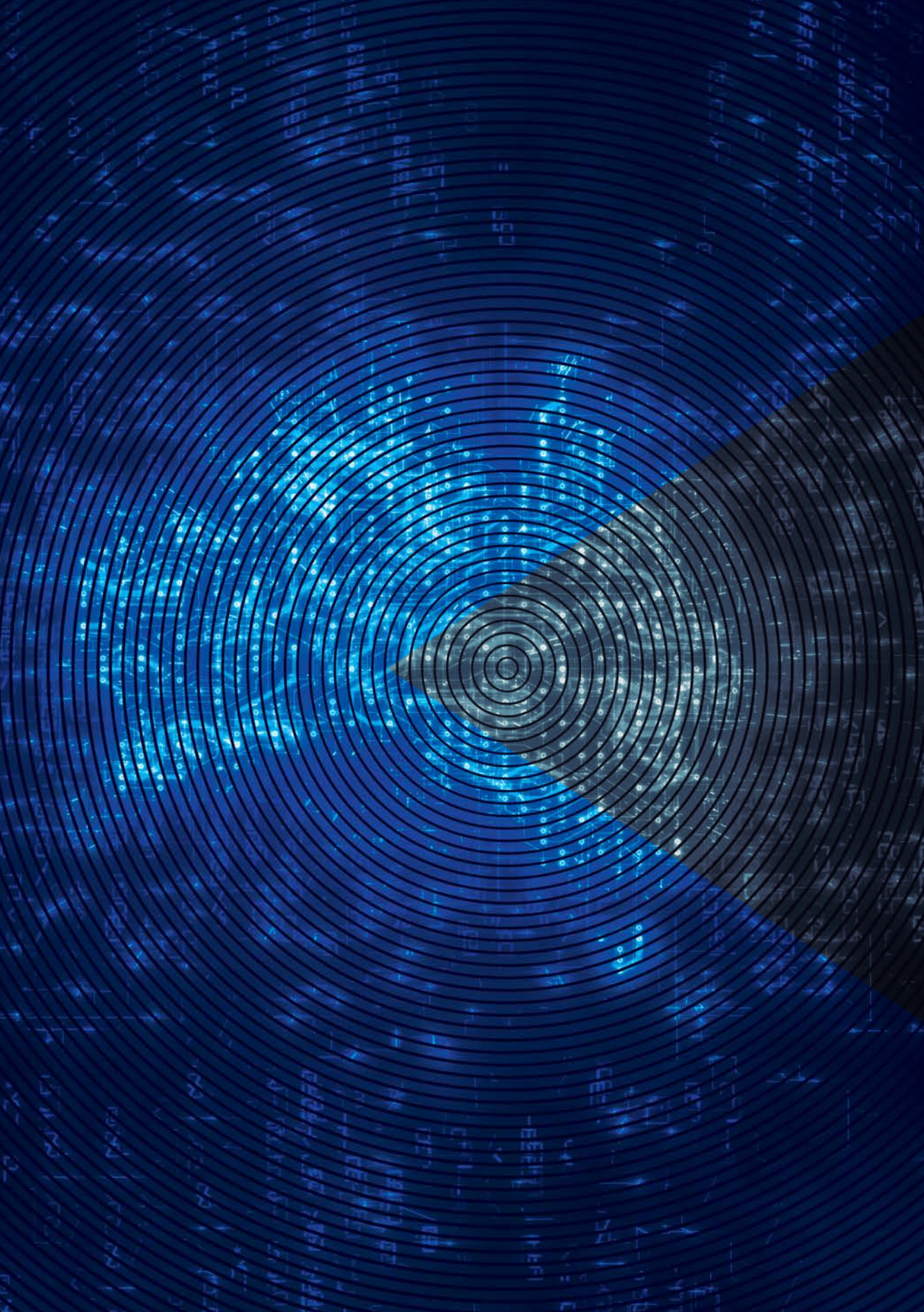




AUSTRALIAN
**CRIMINAL
INTELLIGENCE
COMMISSION**

2018–19 CHAIR ANNUAL REPORT

BOARD OF THE AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION



Contact details

This report and more information about the ACIC are available at <www.acic.gov.au>.

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▶ Letter of transmittal



**AUSTRALIAN
CRIMINAL
INTELLIGENCE
COMMISSION**

24 June 2020

The Hon Peter Dutton MP
Minister for Home Affairs
Parliament House
Canberra ACT 2600

Dear Minister

On behalf of the Board of the Australian Criminal Intelligence Commission (ACIC), I am pleased to present our annual report for the financial year ended 30 June 2019.

The report has been prepared in accordance with section 61 of the *Australian Crime Commission Act 2002* (ACC Act), which requires the Chair of the ACIC Board to prepare a report on the agency's operations during the year as soon as practicable after 30 June.

In accordance with section 61(1) of the ACC Act, I hereby provide our report to the InterGovernmental Committee on the ACIC for transmission to the Commonwealth Minister and the appropriate Minister of the Crown of each participating state.

Section 61(5) of the ACC Act requires you to lay a copy of the report, along with any comments made on the report by the Inter-Governmental Committee, before each House of Parliament within 15 sitting days of that House after you receive the report.

During 2018–19, the board contributed to the ACIC's strategic direction, considered key areas of work and supported national initiatives against serious and organised crime.

The board acknowledges the ACIC's achievements, including investigative and intelligence outcomes that have contributed to making Australia safer through improved national ability to connect, discover, understand and respond to crime impacting Australia.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Reece Kershaw', written over a horizontal line.

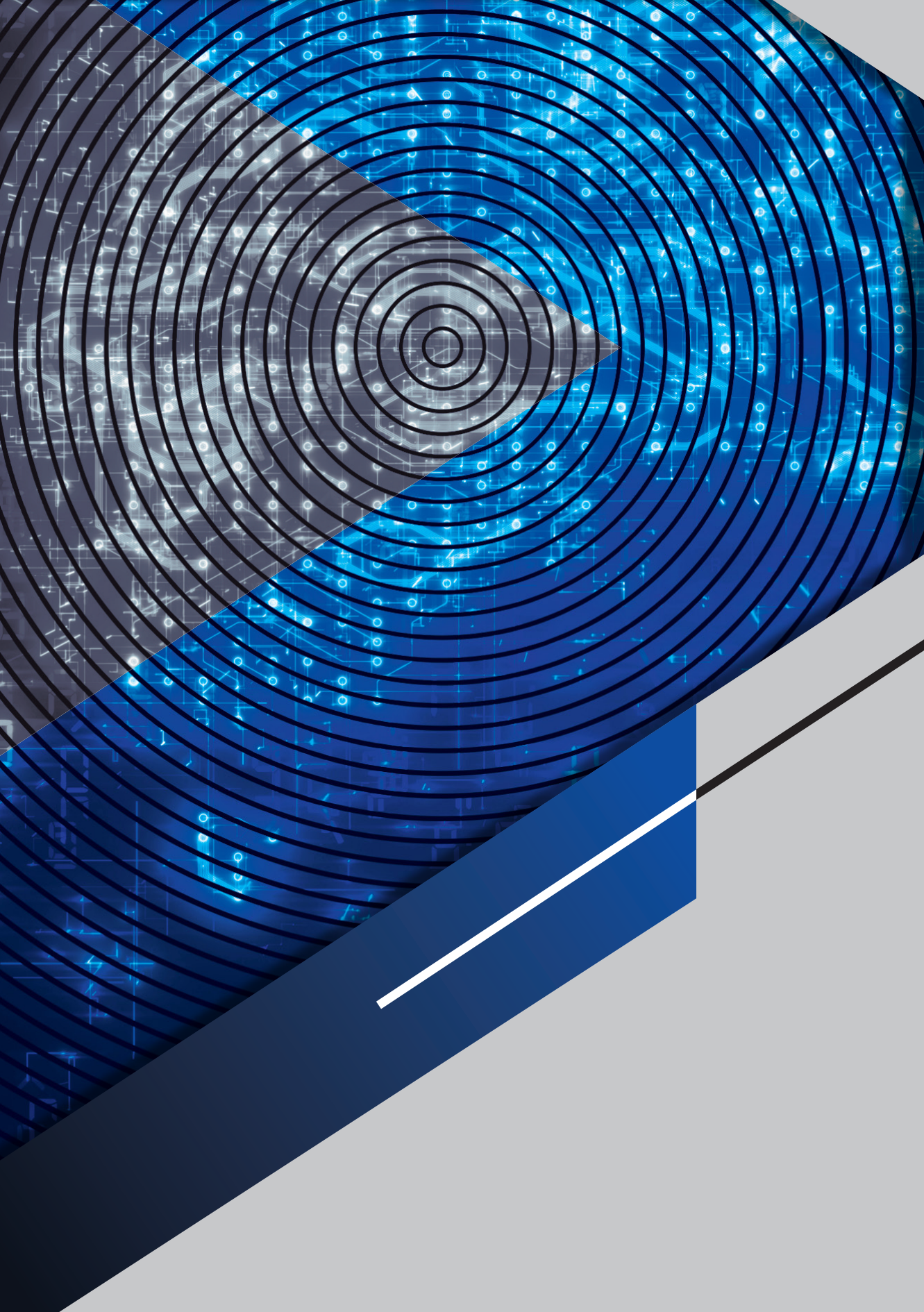
Reece Kershaw APM

Chair

Board of the Australian Criminal Intelligence Commission

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Section 1

Introduction

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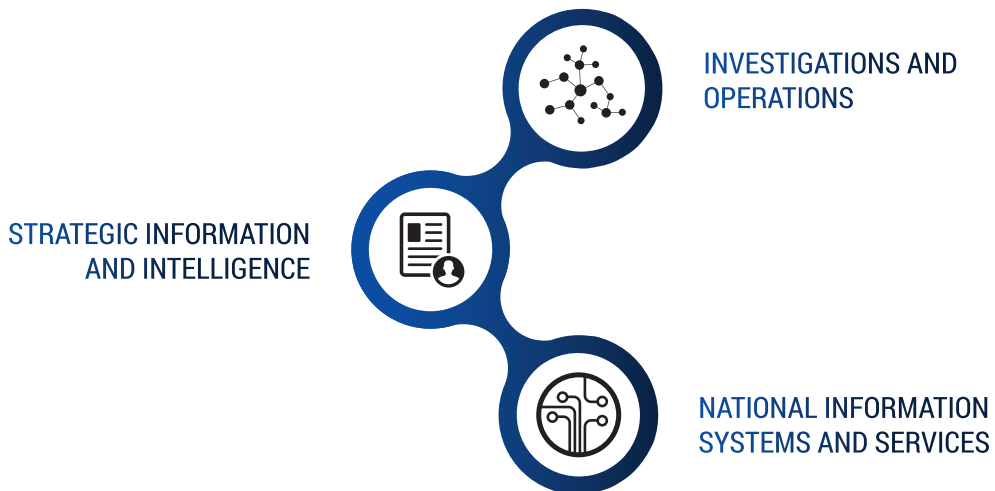
About the ACIC

The purpose of the Australian Criminal Intelligence Commission (ACIC) 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.

The ACIC's responsibilities include:

- ▶ investigations and operations
- ▶ strategic information and intelligence
- ▶ national information systems and services.

The ACIC is a statutory agency within the Home Affairs portfolio, enabling stronger integration and joint activities across the portfolio for a safer and more secure Australia.



About this report

This report by the Chair of the ACIC Board documents the operations of the ACIC in 2018–19 as required under the *Australian Crime Commission Act 2002* (ACC Act). This report is presented to the Commonwealth Minister for Home Affairs and the appropriate ministers of each state and territory via the Inter-Governmental Committee established under section 8 of the ACC Act.

The separate annual report by the ACIC Chief Executive Officer (CEO) fulfils the requirements of government agencies under the *Public Governance, Performance and Accountability Act 2013*. It includes information about the ACIC's progress against the purpose and performance criteria set out in the portfolio budget statements and corporate plan, details of the agency's structure and staffing, and audited financial statements.

By producing separate reports, the Chair and the CEO are able to concisely address the requirements of the respective legislation. Both reports are publicly available at www.acic.gov.au/publications/corporate-documents/annual-reports.

Table 1 sets out the annual report requirements of the ACC Act and shows where they are addressed in this report. The board does not have its own staff or budget, so there are no financial statements to present.

Table 1: Guide to compliance with reporting requirements of the *Australian Crime Commission Act 2002*

Information required under section 61(2)	Location in this report
(a) a description of any investigation into matters relating to federally relevant criminal activity that the ACC conducted during the year and that the Board determined to be a special investigation	Section 4. Investigations and operations
(b) a description, which may include statistics, of any patterns or trends, and the nature and scope, of any criminal activity that have come to the attention of the ACC during the year in performance of its functions	Section 3. Australia's criminal environment
(c) any recommendations for changes in the laws of the Commonwealth, of a participating State or of a Territory, or for administrative action, that, as a result of the performance of the ACC's functions, the Board considers should be made	Section 6. Legislative framework and legal actions
(d) the general nature and the extent of any information furnished by the CEO during that year to a law enforcement agency	Section 4. Investigations and operations Section 5. Criminal intelligence delivery
(da) the general nature and the extent of any information disclosed by the CEO during that year to a body corporate under section 59AB	Section 5. Criminal intelligence delivery
(e) the extent to which investigations by the ACC have resulted in the prosecution in that year of persons for offences	Section 4. Investigations and operations Section 6. Legislative framework and legal actions
(ea) the extent to which investigations by the ACC have resulted in confiscation proceedings	Section 4. Investigations and operations Section 6. Legislative framework and legal actions
(g) particulars of the number and results of: <ul style="list-style-type: none"> (i) applications made to the Federal Court or the Federal Circuit Court under the <i>Administrative Decisions (Judicial Review) Act 1977</i> for orders of review in respect of matters arising under this Act; and (ii) other court proceedings involving the ACC; being applications and proceedings that were determined or otherwise disposed of, during that year 	Section 6. Legislative framework and legal actions

► Chair's review

Reece Kershaw APM



The 2018–19 financial year was a busy one for the ACIC, with the agency advancing its understanding of serious and organised crime, contributing to partner law enforcement agencies' disruption of criminal entities, and maintaining its information and intelligence systems.

As this is my first annual report as Chair, I would like to acknowledge the exceptional work of my predecessor, Andrew Colvin APM, OAM, and the dedicated staff who contribute to the success of the ACIC.

Connecting national information and intelligence

During 2018–19, the ACIC maintained 17 information and intelligence systems used by law enforcement around the country to help keep the community safe. This included delivering 33.50 million National Police Reference System searches, supporting 99,524 positive data match fingerprint identifications and 90 crime scene ballistics matches, and facilitating 5.63 million criminal history checks.

The development of the National Criminal Intelligence System (NCIS) continued to progress. This important national capability will provide secure access to a national view of criminal intelligence and information, and support collation and sharing of criminal intelligence and information nationally. The NCIS interim solution has over 700 active users. Between July 2018 and June 2019, the NCIS interim solution attracted more than 54,350 searches.

Discovering and understanding serious and organised crime

During the past year the ACIC advanced understanding of existing and emerging serious and organised crime.

Through 193 coercive examinations, the ACIC discovered new information about crime relating to its special operations and special investigations.

The ACIC shared 2,096 intelligence products with more than 220 stakeholders, including national and international law enforcement partners. Four reports were released to the public: the *Illicit Drug Data Report 2016–17* and three reports from the National Wastewater Drug Monitoring Program.

The ACIC maintained the National Target System and the National Criminal Target List, as well as the Australian Priority Organisation Target (APOT) list of offshore criminal targets, and provided 15,827 automated alerts on significant criminal targets to partner agencies.

In addition to the 95 previously unknown criminal targets identified in 2018–19, 54 previously known targets with involvement in new areas of criminality were identified.

Responding to crime threats

The ACIC contributed to partner law enforcement agencies' disruption of 28 criminal entities, including three APOTs, during the year.

The ACIC's work with law enforcement partners led to the seizure of drugs and precursor chemicals with an estimated street value of more than \$2.31 billion, illicit tobacco with an estimated excise value of \$75.47 million, and more than \$22.70 million in cash.

In addition, the ACIC made 24 financial referrals to partners, including the Criminal Assets Confiscation Taskforce, in relation to 174 criminal entities with a combined estimated value of offending of \$47.95 million.

ACIC intelligence led to 169 persons being charged on a collective total of 607 charges.

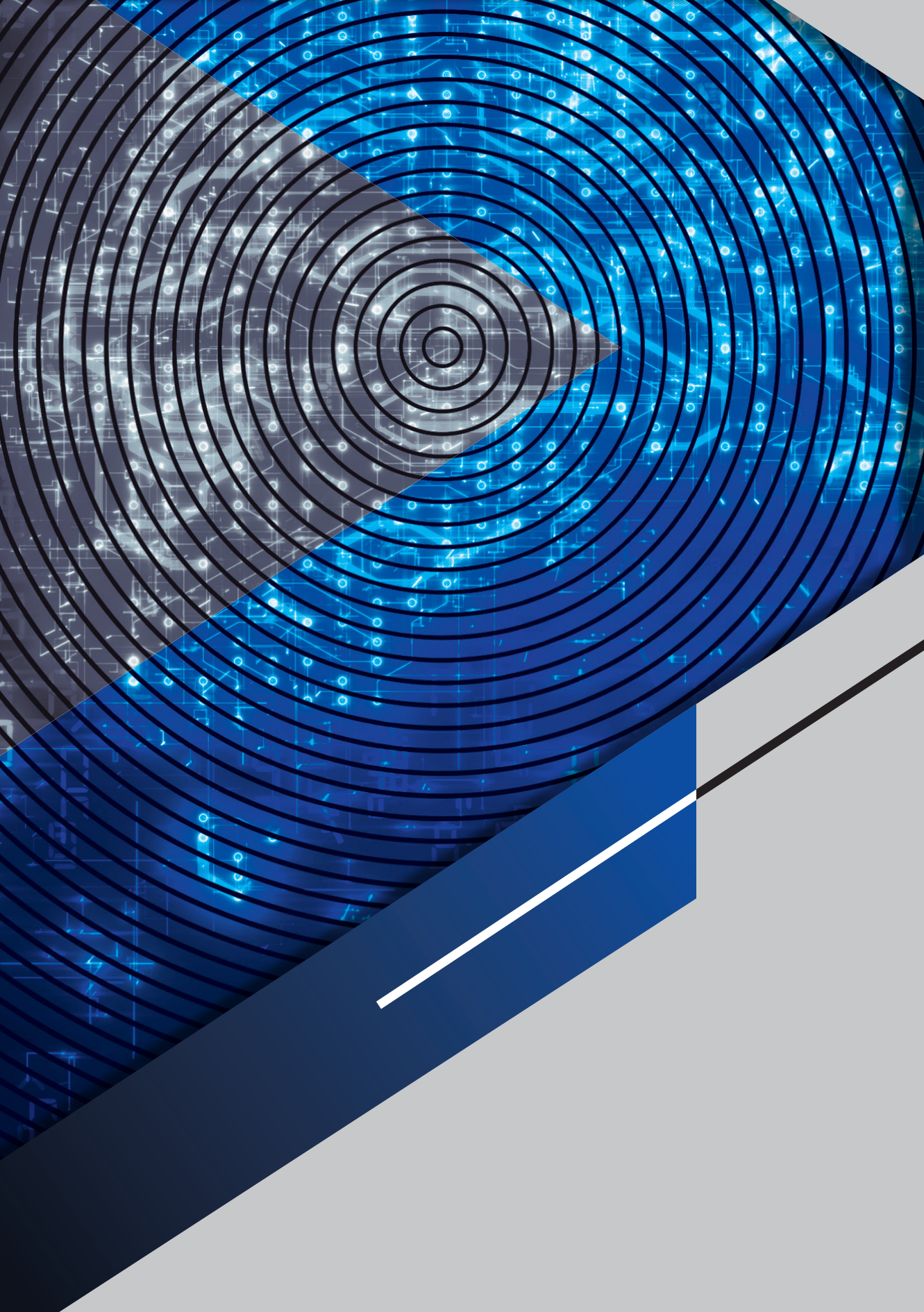
Looking ahead

In the coming year, the ACIC will continue to focus on strengthening relationships within the National Intelligence Community and responding to the criminal risks facing Australia by providing the criminal intelligence and national policing information and systems that are necessary for a safe Australia.



Reece Kershaw APM
Chair

Board of the Australian Criminal Intelligence Commission





Section 2

ACIC Board

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▶ ACIC Board

The ACIC Board, established under section 7B of the ACC Act, is responsible for providing strategic direction to the ACIC and determining which investigations and intelligence operations are authorised to use the ACIC's coercive powers.

Functions

The functions of the board, as set out in section 7C of the ACC Act, are to:

- ▶ determine the National Criminal Intelligence Priorities (NCIPs)
- ▶ determine priorities in relation to national policing information systems and services
- ▶ provide strategic direction to and determine the priorities of the ACIC
- ▶ authorise, in writing, the ACIC to undertake intelligence operations or to investigate matters relating to federally relevant criminal activity
- ▶ determine, in writing, whether such an operation is a special operation or whether such an investigation is a special investigation
- ▶ determine, in writing, the class or classes of persons to participate in such an operation or investigation
- ▶ establish task forces
- ▶ disseminate to law enforcement agencies or foreign law enforcement agencies, or to any other agency or body of the Commonwealth, a state or a territory prescribed by the regulations, strategic criminal intelligence assessments provided to the board by the ACIC
- ▶ make recommendations to the Minister about expenditure from the National Policing Information Systems and Services Special Account
- ▶ make recommendations to the Minister about charges for national policing information services (including criminal history checks)
- ▶ determine, in writing, policies and give directions to the CEO in relation to:
 - disclosing national policing information
 - approving a body as an accredited body
- ▶ determine, in writing, any conditions or restrictions in relation to providing nationally coordinated criminal history checks
- ▶ report to the Inter-Governmental Committee on the ACIC's performance.

The board also undertakes functions conferred on it by other provisions of the ACC Act.

Membership and meetings

The ACIC Board is chaired by the Commissioner of the Australian Federal Police and comprises the heads of a number of Commonwealth, state and territory law enforcement, national security and regulatory agencies. The CEO of the ACIC is a non-voting member.

The CEO of the Australian Transaction Reports and Analysis Centre (AUSTRAC) and the Secretary of the Attorney-General's Department attend board meetings as non-voting observers.

During 2018–19, the ACIC Board farewelled Assistant Commissioner Justine Saunders APM, who joined the board in her capacity as Chief Police Officer, ACT Policing, in 2016. Assistant Commissioner Ray Johnson APM commenced in the role of Chief Police Officer, ACT Policing, on 12 November 2018.

The ACIC Board also farewelled Commissioner Ian Stewart APM, who joined the board in his capacity as Commissioner, Queensland Police Service, in 2012. Commissioner Katarina Carroll APM commenced in the role of Commissioner, Queensland Police Service, on 8 July 2019.

Under the ACC Act, the board is required to meet at least twice a year. In practice, the board meets more often. Table 2 provides details of board members and their attendance at meetings in 2018–19.

Table 2: Attendance at board meetings 2018–19

Member	11 Sept 2018	28 Nov 2018	19 Mar 2019	29 May 2019
Commissioner Andrew Colvin APM, OAM, Australian Federal Police (Chair)	✓	✓	✓	✓
Assistant Commissioner Justine Saunders APM, Chief Police Officer, ACT Policing	✓	— ¹	— ¹	— ¹
Assistant Commissioner Ray Johnson APM, Chief Police Officer, ACT Policing	— ¹	✓	✓	✓
Mr Chris Moraitis PSM, Secretary, Attorney-General's Department	✗	✓	✗	✗
Commissioner Michael Outram APM, Australian Border Force	✓	✗	✓	✗
Mr James Shipton, Chair, Australian Securities and Investments Commission	✓	✗	✓	✓
Mr Duncan Lewis AO, DSC, CSC, Director-General Security, Australian Security Intelligence Organisation	✓	✓	✗	✗
Mr Chris Jordan AO, Commissioner of Taxation, Australian Taxation Office	✗	✗	✓	✓
Commissioner Michael Fuller APM, New South Wales Police Force	✓	✓	✓	✗
Commissioner Reece Kershaw APM, Northern Territory Police	✓	✓	✓	✓
Commissioner Ian Stewart APM, Queensland Police Service	✓	✓	✓	✓
Commissioner Grant Stevens APM, South Australia Police	✓	✓	✓	✓ ²
Commissioner Darren Hine APM, Tasmania Police	✓	✓	✓	✓
Chief Commissioner Graham Ashton AM, APM, Victoria Police	✗	✓	✓	✗
Commissioner Chris Dawson APM, Western Australia Police	✓	✓	✓	✓
Ms Nicole Rose PSM, Chief Executive Officer, AUSTRAC	✓	✓	✓	✓
Mr Michael Phelan APM, Chief Executive Officer, Australian Criminal Intelligence Commission	✓	✓	✓	✓
Mr Michael Pezzullo, Secretary, Department of Home Affairs	✗	✗	✓	✗

¹ The person was not eligible to attend because the meeting was outside their term as Chief Police Officer, ACT Policing.

² Commissioner Stevens was away; the person acting as Commissioner, South Australia Police, attended the meeting.

Decisions

The board considers a range of issues at each meeting, including strategic issues faced by the ACIC, the overall performance of key areas of ACIC work, and key areas of new work that the ACIC should pursue.

Among its key decisions in 2018–19, the board:

- ▶ approved the 2019–20 NCIPs
- ▶ reviewed ACIC strategic priority areas and the planned activity and response to identified threats, and determined the priorities for the ACIC's special investigations and special operations
- ▶ provided a direction to the ACIC on access to and use and disclosure of national policing information
- ▶ approved New Zealand Police accessing the Australian Firearms Information Network
- ▶ considered arrangements for the NCIS
- ▶ approved ongoing access to information for the Enhanced Biometrics at the Border project

noted prioritisation of information and communications technology projects to ensure delivery of key priorities.

Intelligence priorities

The NCIPs set out the known national criminal threats affecting Australia, and guide national intelligence collection efforts and reporting on enduring and emerging crime issues.

The board considers advice from the ACIC, and draws on board members' experience as leaders in the law enforcement, national security and regulatory arenas, to review and endorse the NCIPs. This is a legislated function of the board. The NCIPs are usually reviewed every two years.

The board also receives various intelligence products and information and considers a range of matters, including strategic issues, significant areas of current ACIC work and potential new areas of work. It takes all these matters into account to set priorities for the ACIC, authorising investigations, intelligence operations and task forces.

External engagement

The board endorsed updated external governance arrangements on 13 June 2018 to support the effective operation of the ACIC. The arrangements include external engagement bodies comprising representatives from board member agencies and other relevant partner agencies.

The role of these bodies is to provide advice to the ACIC CEO in accordance with the CEO’s functions as prescribed under the ACC Act, as follows:

- ▶ 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 that the ACIC delivers for Australia’s police, wider law enforcement and national security agencies.

In 2018–19, the board also approved to continue the operations of three multiagency task forces, as shown in Table 3. Multiagency task forces involve a broad range of partners working together to disrupt criminal enterprises through intelligence-led responses. Partners may include representatives from law enforcement, the regulatory sector, peak bodies and the private sector.

Table 3: ACIC Board-established task forces at 30 June 2019

Task force	Date established
National Task Force Morpheus	1 July 2014
Vestigo Task Force	30 November 2016
National Criminal Intelligence System Task Force	13 June 2018

Special investigations and special operations

The ACIC has coercive powers, similar to those of a Royal Commission, that allow the ACIC to summon a person to give evidence under oath, require the production of documents, require information from Commonwealth agencies, and apply for a search warrant or an order to produce a passport. The powers may only be exercised by an ACIC Examiner in the course of a special operation or special investigation.

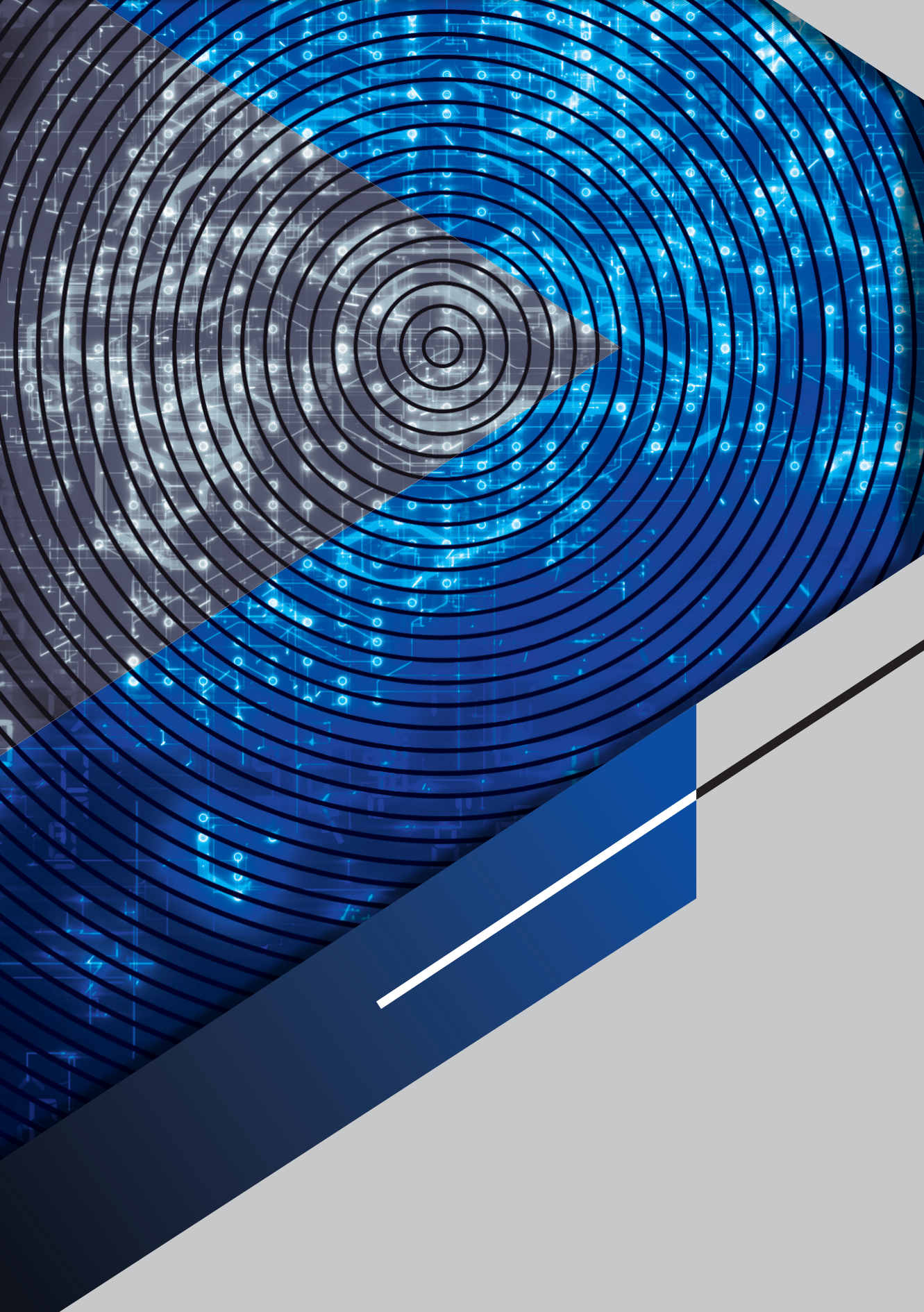
The board determines whether investigations and intelligence operations are ‘special’, thus authorising the use of the coercive powers. Under the ACC Act as it applied in 2018–19, the board’s determinations were required to be based on whether traditional measures were not expected to be, or had not been, effective.

In December 2019, the ACC Act was amended by the *Australian Crime Commission Amendment (Special Operations and Special Investigations) Act 2019*. The amendments have changed the way the board exercises its powers and authorises special investigations and special operations. As this report covers the reporting period to 30 June 2019, it describes investigations and operations as determined under the ACC Act prior to those amendments.

During 2018–19, the board was responsible for the authorisation and determination of special investigations and special operations as shown in Table 4.

Table 4: ACIC Board authorisations and determinations at 30 June 2019

Authorisation/determination	Type	Date established
Highest Risk Criminal Targets No. 2 (as amended)	Special investigation	4 September 2013
National Security Impacts from Serious and Organised Crime No. 2 (as amended)	Special operation	4 September 2013
Outlaw Motor Cycle Gangs (as amended)	Special operation	4 September 2013
Targeting Criminal Wealth No. 2 (as amended)	Special investigation	4 September 2013
Criminal Exploitation of Australia's Migration System	Special operation	8 June 2016
Emerging Organised Crime Threats No. 2	Special operation	8 June 2016
Cyber-Related Offending	Special operation	21 June 2017
Firearm Trafficking	Special operation	21 June 2017
High Risk and Emerging Drugs No. 3	Special operation	21 June 2017
Highest Risk Criminal Targets No. 3	Special investigation	13 June 2018
Targeting Criminal Wealth No. 3	Special investigation	13 June 2018
Criminal Exploitation of Australia's Migration System No. 2	Special operation	13 June 2018
Cyber-Related Offending No. 2	Special operation	13 June 2018
Emerging Organised Crime Threats No. 3	Special operation	13 June 2018
Firearm Trafficking No. 2	Special operation	13 June 2018
High Risk and Emerging Drugs No. 4	Special operation	13 June 2018
National Security Impacts from Serious and Organised Crime No. 3	Special operation	13 June 2018
Outlaw Motor Cycle Gangs No. 2	Special operation	13 June 2018





Section 3

Australia's criminal environment

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► Australia's criminal environment

The ACIC delivers a current intelligence picture of the serious and organised crime environment in Australia through its strategic intelligence production. This section highlights key unclassified findings on the nature, scope, trends and patterns of criminal activity.

Key characteristics

The main features of serious and organised crime, as it affects Australia, are as follows:

- **Big business**—The Australian Institute of Criminology estimates that serious and organised crime cost Australia up to \$47.4 billion in 2016–17, including \$31.5 billion in direct costs and \$15.9 billion in prevention and response costs. In 2011, the United Nations Office on Drugs and Crime estimated that global profits from transnational organised crime in 2009 were around US\$870 billion—a figure that has undoubtedly grown since.
- **Destructive, pervasive and complex**—Serious and organised crime is impacting 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, damage to health, social impacts and the erosion of public trust.
- **Globalised**—ACIC 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**—Enhanced counter-terrorism efforts are being made throughout Australia, but 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 that are seeking the skills developed in foreign conflicts. The ACIC supports its 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 crime markets provides consistent revenue streams to finance higher risk ventures and enables criminal enterprises to respond to shifts in supply and demand.

Key enablers

Enablers are illicit activities (which may be crimes themselves) that underpin and contribute to the effectiveness of serious and organised crime. While not all of the key enablers described here are present in every illicit market, two or more enablers may be used concurrently within the same criminal enterprise.

Technology

Most serious and organised crime activities are enabled by the use of technology and digital infrastructure. Examples include technology-enabled identity crime and fraud in the areas of banking, trade and superannuation.

The ability to target individuals remotely from any location in the world is attractive to serious and organised crime groups, which use technology to target the financial sector or trade illicit goods via the Dark Net. Through the use of online platforms and services, child sexual abuse is becoming more prevalent, commodified and organised. Child sex offenders increasingly use technological means to commit acts of child sexual exploitation and abuse through online grooming and the distribution of child abuse material.

Technology will continue to shape the criminal landscape into the future, and the rapid uptake of new capabilities such as encrypted communication devices and applications will continue to challenge law enforcement.

Professional facilitation

The role of professional facilitators of criminal activity, such as legal and accounting professionals and other business services providers, is 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

Money laundering is a significant enabler of criminal activity, as well as a potentially lucrative criminal enterprise in itself. Money laundering is an extremely diverse activity, with a significant international dimension, carried out at all levels of sophistication.

Identity crime

As well as being one of the most common types of crime committed in Australia, identity crime is an enabler of other significant criminal activities, including money laundering, financial crime, drug trafficking and fraud.

There is a growing trend towards commissioning identity crime online through the production and sale of identity documentation and fraudulent use of personal identifying information.

The true extent of identity crime is difficult to quantify due to under-reporting, discrepancies in cross-jurisdictional reporting, and instances where identity theft is undetected.

Violence and intimidation

Violence and intimidation enable serious and organised criminal activity in Australia. For example, they may be used to extort financial gain, to coerce people or businesses into facilitating or undertaking criminal activity, or to control drug networks and settle disputes.

Most violence involving organised crime occurs between criminal groups, rather than being directed at the general public. Due to under-reporting it is difficult to determine the exact nature and extent of harm caused through the use of violence and intimidation by serious and organised crime groups.

Public sector corruption

Exploitation of the public sector by serious and organised crime weakens the instruments of government and strengthens criminal networks, undermining public confidence in government and public office.

Areas most at risk include bodies responsible for procurement, across all levels of government; frontline agencies such as police, customs and border protection; and any agencies responsible for dispensing government funding without established anti-corruption practices.

There is limited evidence of serious and organised crime involvement in public sector corruption in Australia.

Key markets

Australia is exposed to serious and organised criminal activities conducted locally and across geographic boundaries. Key crime markets include traditional markets exploiting illicit commodities, such as drugs and firearms, and increasingly sophisticated enterprises in areas such as financial crime and intellectual property crime.

Illicit commodities

Serious and organised criminal activity is endemic in Australian markets for illicit commodities, particularly drugs, tobacco and firearms.

The Australian illicit drug market is highly lucrative, with growing demand for a wide variety of substances, as described in Table 5. Some serious and organised crime groups capitalise on the demand for multiple drug types by importing, cultivating, manufacturing and/or trafficking several drug types simultaneously.

Table 5: Key substances in the Australian illicit drug market

Substance	Market characteristics
Cannabis	Serious and organised crime groups are well established in the Australian cannabis market, which is robust and profitable. Almost all cannabis consumed in Australia is cultivated domestically. The latest report of the National Wastewater Drug Monitoring Program (NWDMP) shows that average consumption of cannabis in regional areas exceeds average consumption in capital cities. ¹
Cocaine	A range of transnational organised crime groups import cocaine into Australia. The latest NWDMP report shows that in April 2019 the population-weighted average consumption of cocaine had increased to the highest levels recorded by the program in both capital city and regional sites, and that capital city average consumption exceeds regional average consumption.
Heroin	Serious and organised crime groups are involved in the importation and distribution of heroin in Australia. The latest NWDMP report shows that the population-weighted average consumption of heroin has increased in both capital city and regional sites; that in April 2019 average consumption had reached the highest level recorded by the program in capital city sites; and that capital city average consumption exceeds regional average consumption.
Illicit pharmaceutical opioids	The illicit pharmaceutical opioid market is inextricably linked to the heroin market because of the similarities in the effects of these substances on the user. Pharmaceuticals commonly misused include opioid-based pain relief medications, opioid substitution therapies, benzodiazepines and codeine. The NWDMP monitors the consumption of two pharmaceutical opioids—fentanyl and oxycodone—with data reflecting both licit and illicit use. The latest NWDMP report shows that regional average consumption exceeds capital city average consumption.
MDMA²	Serious and organised crime groups are involved in the importation, manufacture and distribution of MDMA in Australia. The latest NWDMP report shows that in April 2019 the population-weighted average consumption of MDMA had reached the highest levels recorded by the program in both capital city and regional sites, and that regional average consumption exceeds capital city average consumption.
Methylamphetamine	Serious and organised crime groups are involved in the importation, manufacture and distribution of methylamphetamine in Australia. Methylamphetamine causes disproportionate harm in Australia. The latest NWDMP report shows that, of the illicit drugs for which dose data are available, methylamphetamine is the most consumed illicit drug in Australia. ³ The report also shows that in April 2019 the population-weighted average consumption of methylamphetamine had reached the highest levels recorded by the program in both capital city and regional sites, and that regional average consumption exceeds capital city average consumption.
New psychoactive substances	Novel synthetic substances that have similar chemical structures to, or mimic the effects of, other illicit drugs have been available in Australia since the mid-2000s. These substances have increased in diversity but tend to have short periods of individual popularity. The market is highly reactive, appearing to increase and decrease in response to changes in other drug markets. The Darknet is used extensively as a medium for buying, selling and sharing information on these substances. This market does not rival the traditional drug markets in terms of use or size.
Performance and image enhancing drugs	The market for performance and image enhancing drugs in Australia consists of users from an increasingly diverse demographic using a wide range of substances. Serious and organised crime groups are involved in the importation and manufacture of performance and image enhancing drugs.
Precursor chemicals	Precursor chemicals are essential for illicit drug production, and the sale of precursor chemicals is a profitable enterprise in itself. Precursor chemicals can be diverted from a range of sources, including the legitimate chemical industry, the transportation and logistics industry, or medical facilities and pharmacies. Serious and organised crime groups dominate the sophisticated end of this market and large importations of precursor chemicals have been detected in recent years, as illustrated by the record weight of precursors for amphetamine-type stimulants (excluding MDMA) detected at the Australian border in 2017–18.

1 The latest NWDMP report, Report 8, was released in August 2019.

2 MDMA is the chemical 3,4-methylenedioxymethamphetamine, also known as ecstasy.

3 Dose data are available for methylamphetamine, amphetamine, cocaine, MDMA, heroin, mephedrone, methylone, oxycodone, fentanyl, nicotine and alcohol. Reliable dose figures are not available for cannabis or MDA (3,4-methylenedioxyamphetamine).

Serious and organised crime is also entrenched in the illicit tobacco market, through the illegal importation of tobacco products and the local production of illegal tobacco.

While Australia has some of the strongest firearm controls in the world, illicit firearms remain a desirable commodity and a significant enabler of criminal activity. Members of organised crime groups, including outlaw motorcycle gangs (OMCGs), use firearms for criminal purposes, but the nature and extent of firearms trafficking by these groups remains an intelligence gap. The ACIC conservatively estimates that there are approximately 260,000 firearms in the domestic illicit market, including 250,000 long arms and 10,000 handguns.

Financial crime

Financial crimes are diverse in their nature and scale, and in the level of harm they cause. Financial crime markets include cybercrime, investment and financial market fraud, revenue and taxation fraud, superannuation fraud, card fraud, and health and welfare fraud.

The expansion of serious and organised crime into the financial sector poses a significant risk to the integrity of the Australian economy, financial markets, regulatory frameworks and revenue collection. The ACIC's *Serious Financial Crime in Australia 2017* report revealed that financial crime is on the rise and causing major harm that affects all Australians.

The report found that:

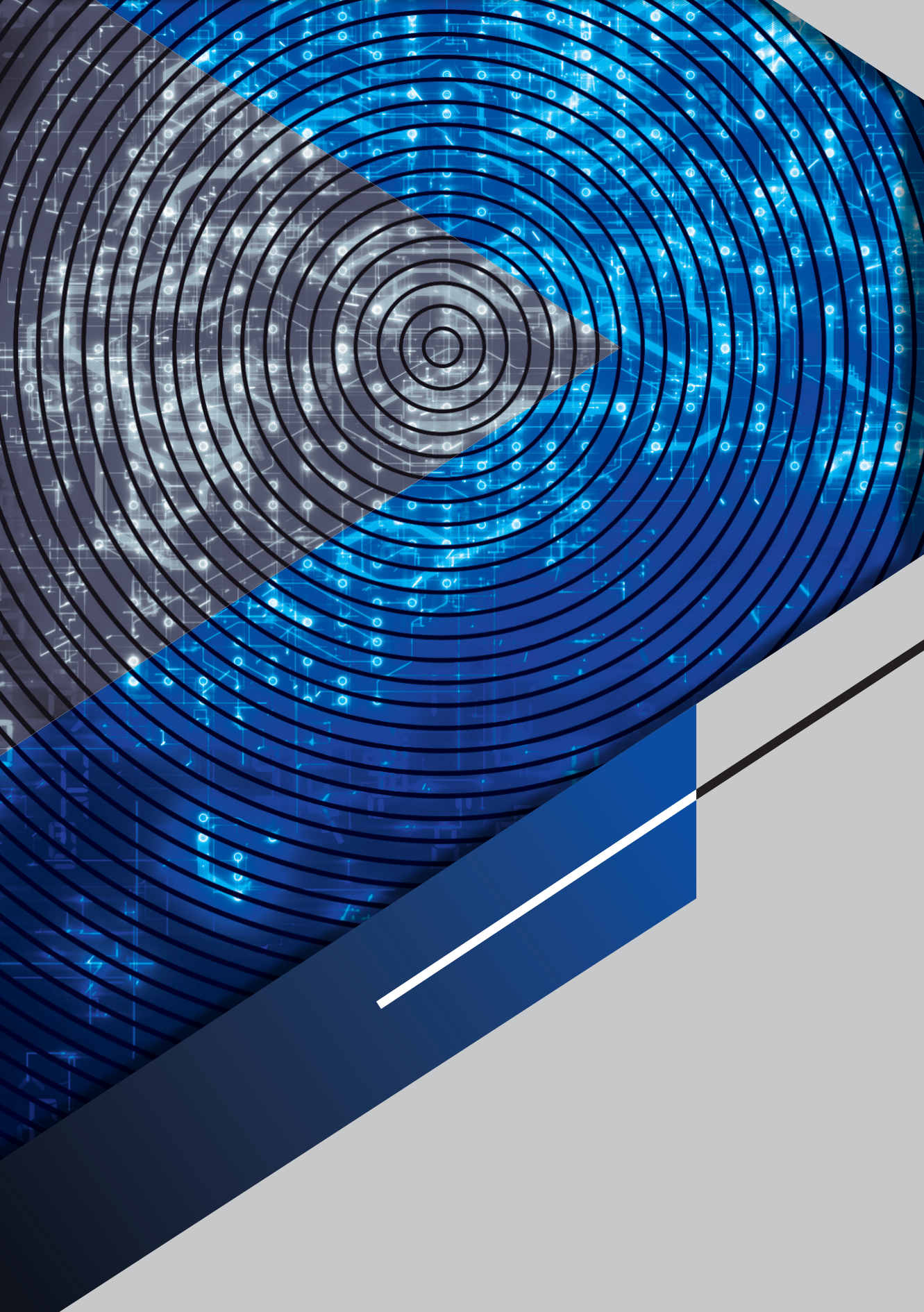
- ▶ Sophisticated individuals and groups are exploiting systemic vulnerabilities in areas such as taxation and revenue systems and government health and welfare programs.
- ▶ The role of technology in enabling financial crime has markedly increased—from opportunistic tax refund fraud, to the large-scale online theft of personal information which enables the theft of funds from investment and superannuation accounts.
- ▶ Professional facilitators—including legal and accounting professionals, liquidators, offshore service providers and real estate agents—remain critical enablers of financial crime, particularly through association with serious and organised crime groups.
- ▶ Other enablers of financial crime are identity crime, phoenix-type activity, and abusive use of trusts, high-value commodities, offshore service providers and alternative banking services.

Transnational crime markets

Among the crime markets that transcend national boundaries, the following present a particular threat to the Australian community and Australia's national security interests:

- ▶ Online sexual exploitation and abuse of children—Technological advances are enabling the commodification and industrialisation of this crime. Offenders increasingly use anonymising tools, including end-to-end encryption to conceal offending behaviour, network as groups and share tools and methodologies to facilitate abuse. The uptake of mobile and data technology children and young people significantly increases their exposure to the risk of online child exploitation and abuse.
- ▶ Human trafficking and slavery—This is a global concern, and the mass movement of refugees and migrants in recent years has escalated the threat. Under-reporting is endemic within this crime type, but increased awareness and outreach programs are likely to have contributed to increasing referrals to law enforcement for these offences.

- ▶ Visa and migration fraud—Serious and organised crime groups exploit the Australian visa and migration system, engaging the services of professional facilitators to enable entry into Australia.
- ▶ Intellectual property crime—Piracy and counterfeiting are serious international issues. The main forms of intellectual property crime in Australia are the importation of counterfeit goods such as clothing and the domestic manufacture of goods that infringe copyright.
- ▶ Environmental crime—This is diverse in nature and encompasses several crime markets. Transnational organised crime syndicates and opportunistic individuals exploit these markets, which are characterised by high profit margins and low detection rates.





Section 4

Investigations and operations

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► Investigations and operations

The ACIC may conduct special investigations and operations involving the coercive powers available under the ACC Act. The ACIC Board must first determine that the investigation or operation is 'special', in line with section 7C of the ACC Act.

Special investigations are designed to reduce the incidence and effect of specified serious and organised crime activity (including through disruption and prevention), by collecting evidence and intelligence about criminal activity. During 2018 -19, the board was required to consider whether ordinary police methods of investigation were likely to be effective, before determining an investigation to be special.

Special operations (which may contain an investigative component) are focused on gathering intelligence around particular criminal activity so response decisions can be informed by an improved understanding of the extent, impact and threat of that activity. During 2018 -19, the board was required to consider whether methods of collecting criminal information and intelligence that do not involve the use of powers under the Act had been effective, before determining an operation to be special.

As noted earlier in this report, the legislative requirements for board determinations of special investigations and operations have changed since the end of 2018 -19.

The ACIC's evidence and intelligence gathering activities are informed by, and contribute to, the work of multiagency task forces that support collaboration between partners seeking to disrupt criminal enterprises through intelligence-led responses.

Priority areas

In 2018–19, the ACIC's special investigations and special operations focused on the priority areas identified in the *ACIC Corporate Plan 2018–19 to 2021–22*. They were:

- criminal threats to Australia in the areas of
 - cybercrime
 - monitoring and assessment of high-risk criminal targets
 - national security impacts (including terrorism) from serious and organised crime
 - financial crime
 - illicit drugs (including high-risk and emerging drugs)
 - firearms trafficking
 - criminal gangs
 - emerging organised crime threats (including criminal exploitation of Australia's migration system)
- transnational criminal threats to Australia.

Qualitative results

This section summarises the aims, approaches and qualitative results of the special investigations and special operations conducted in each priority area in 2018–19.

Cybercrime

Cyber-related offences present a significant threat to Australians. Cybercrime covers a wide variety of offences, including identity crime, computer hacking, phishing, botnets, computer-facilitated crime, and cyber intrusion directed at private and national infrastructure.

Cyber-Related Offending special operation

The Cyber-Related Offending special operation collected and analysed information and intelligence to identify, investigate, disrupt or prevent cyber-related criminal activity.

Cyber-related offending is resistant to traditional law enforcement investigations. To effectively combat cybercrime, the ACIC adopted a collaborative approach that included:

- ▶ developing comprehensive intelligence about the nature and extent of serious and organised crime activity
- ▶ preventing, disrupting, disabling and dismantling serious and organised crime enterprises, through enforcement, regulation, policy and other actions
- ▶ enhancing collaboration with international and private sector bodies
- ▶ using coercive powers to facilitate the collection of information and intelligence that is not available through other information collection methods.

During 2018–19, the ACIC:

- ▶ developed intelligence products that improved the understanding of business email compromise scams, malware, anonymity features in cryptocurrencies, encryption on the Darknet and cybercriminal exploitation of government systems
- ▶ identified unique Australian Cybercrime Online Reporting Network (ACORN) data insights and provided partner agencies with a better understanding of methodologies, groups and criminal targets
- ▶ mapped the interconnectedness of serious and organised cybercrime groups targeting countries in the Five Eyes intelligence alliance (Australia, Canada, New Zealand, the United Kingdom and the United States).

Cyber-Related Offending No. 2 special operation

Due to the resilient nature of cybercrime and the ongoing risk posed to Australia, the ACIC Board has continued to authorise special operations in this area in the form of the Cyber-Related Offending No. 2 special operation.

Cyber-Related Offending No. 2 seeks to:

- ▶ identify and understand the nature and extent of serious and organised cyber-related criminal activity affecting Australia
- ▶ utilise the ACIC's coercive powers to facilitate the collection of information and intelligence about serious and organised crime that is not available through other information collection methods
- ▶ prevent, disrupt, disable and dismantle serious and organised crime enterprises, through enforcement, regulation, provision of policy advice and other actions
- ▶ enhance and foster collaborative relationships with international and private sector bodies.

In 2018–19, through the Cybercrime Intelligence Hub, the ACIC applied crime scripting to cybercrime to identify opportunities for prevention, intervention and disruption. This was the first time this technique had been applied in a cybercrime or operational context. Partner agencies responded by forming a working group to identify how the scripts could be used to guide and inform cybercrime investigations.

A state police force provided feedback stating that the cybercrime crime scripts were directly relevant to a current investigation and would be used to develop investigative training packages. The scripts were also instrumental in developing a coordinated Australia and New Zealand response to cybercrime.

A workshop was held with over 60 participants representing 16 law enforcement or government agencies across three countries. The crime scripts provided the foundation for the workshop discussion and the framework for best practice and coordinated responses to cybercrime targeting Australia.

High-risk criminal targets

Serious and organised crime entities at the highest level of risk exert significant influence over Australia's illicit commodity markets and are present in all Australian states and territories. The majority of these groups are operating in two or more jurisdictions and/or transnationally and have established a presence within legitimate sectors to facilitate their criminal activities.

In particular, highest risk criminal groups based overseas see Australia as an attractive market for illicit drugs. This is due to the potential high return on investment, as well as the relative safety of coordinating illicit drug trafficking remotely. These groups operate in partnership with domestic groups who provide specialist facilitators capable of smuggling illicit drugs through border controls, as well as access to money launderers who repatriate the transnational group's profit share.

The ongoing risk presented by the highest risk criminal groups underscores the importance of a nationally coordinated intelligence and investigative response.

Highest Risk Criminal Targets No. 2 special investigation

Work under the Highest Risk Criminal Targets No. 2 (HRCT2) special investigation spanned several serious and organised crime topics, including OMCGs, firearms, money laundering and illicit drug activities.

The special investigation was designed to:

- ▶ maximise the impact of national disruptive efforts on serious and organised crime entities representing the greatest risk and threat to Australia
- ▶ build on the collective national expertise and knowledge of serious and organised crime in Australia to monitor changes in the serious and organised crime environment and movement within crime markets.

The main approach of this special investigation was to bring domestic and international partners together in collaboration, enhanced by the ACIC's unique capabilities, to reduce the impact of serious and organised crime on Australia. This work was focused through the APOT strategy.

The APOT strategy is an ACIC-led initiative focused on identifying, assessing, designating and coordinating operational responses to the transnational serious and organised crime targets that pose the greatest threat to Australia's interests. The intent of the strategy is to improve understanding and facilitate disruption—in collaboration with our domestic and international law enforcement and intelligence partners within local, regional and global contexts—to enhance community safety in Australia.

The ACIC assessed approximately 200 potential APOTs under HRCT2 in 2018–19, and the number of new APOTs designated during the financial year rose by half, from eight new targets in 2017–18 to 12 new targets in 2018–19.

Highest Risk Criminal Targets No. 3 special investigation

The third iteration of the Highest Risk Criminal Targets special investigation builds upon the success of its predecessors, to identify, coordinate and direct the collaborative response to high-risk and priority national and transitional criminal threats.

In 2018–19, the ACIC identified a previously unknown transnational serious and organised criminal syndicate operating in Canada and Hong Kong and impacting Australia. The proactive approach undertaken by the ACIC to understand the key entities resulted in their being assessed as an APOT-level threat, the highest level of criminal entity to affect Australia. Ongoing operations further improved the national understanding of the syndicate, including its international and domestic linkages, and developed contemporary intelligence relating to methodologies, facilitators and locations relevant to its drug distribution and money-laundering activities. A significant amount of drugs was seized and several members of the syndicate who were operating domestically were disrupted as a result of resolution activities by the ACIC and enforcement partners.

Previous special investigation

Although the first iteration of the Highest Risk Criminal Targets special investigation was discontinued a number of years ago, there is still relevance in some of its products. During 2018–19, two historical tactical intelligence products were disseminated to two different law enforcement agencies to aid in ongoing investigation activities.

National security and terrorism

The methods of financing and operating serious and organised crime groups are shifting, posing new challenges for law enforcement and government agencies as they move into areas of national security and terrorism activity. This change is not isolated to Australia—it reflects a broader transition observed by the international community.

The ACIC provides a unique perspective on the evolving threats and risks posed by serious and organised crime groups within the national security environment. Through its intelligence gathering and sharing capabilities at the national and international levels, the ACIC is better informing its partners and improving the understanding of criminal threats to Australia. The ACIC contributes to the whole-of-government response by participating in national strategies to strengthen national security and counter-terrorism.

National Security Impacts from Serious and Organised Crime No. 2 special operation

The National Security Impacts from Serious and Organised Crime No. 2 (NSISOC2) special operation examined the convergence between serious and organised crime and other national security matters. Through the utilisation of examinations, notices and other intelligence-gathering means, the ACIC produced intelligence products to fill in knowledge gaps and harden the national environment to security-related matters.

The ACIC performed the tasks under a small number of classified projects within this special operation.

National Security Impacts from Serious and Organised Crime No. 3 special operation

The National Security Impacts from Serious and Organised Crime No. 3 (NSISOC3) special operation allows the ACIC to continue its work into matters of national security.

The ACIC conducted only a limited number of activities under NSISOC3 during 2018–19. The primary projects remained under NSISOC2 until 25 June 2019, when they were transitioned to NSISOC3.

Due to the classified nature of information regarding this special operation, it is not possible to report specific details and achievements.

Financial crime

Almost all organised crime is motivated by profit. The ACIC helps to remove the financial motivation to engage in criminal activity, through:

- ▶ investigations into financial crime and the development of intelligence products that better inform the response to financially motivated criminal activity
- ▶ contributions to the Criminal Assets Confiscation Taskforce that allow for the physical recovery of proceeds of crime
- ▶ contributions to the Serious Financial Crime Taskforce that allow for the coordinated identification of and response to financially motivated criminal activity.

Targeting Criminal Wealth No. 2 special investigation

The Targeting Criminal Wealth No. 2 (TCW2) special investigation was designed to disrupt and deter criminal groups by collecting evidence and intelligence about financial crime and its methodologies and enablers. Under this special investigation, the ACIC worked with partners to investigate money laundering, serious financial crime and sophisticated tax evasion, and to confiscate criminal wealth. That work often exposed and allowed for the targeting of a range of other criminal activities that generate profits, such as illicit drug trafficking and money laundering.

In 2018–19, ACIC investigations and intelligence improved the understanding of how money laundering impacts Australia; investment and financial services crime; card fraud; revenue fraud and tax evasion; and commonalities in junket representatives.

The ACIC provided a submission to the Victorian Commission for Gambling and Liquor Regulation's Sixth Review of the Casino Operator and Licence, highlighting vulnerabilities related to junket operations. The submission informed a recommendation made by the commission in its report, released in July 2018, that casino operator Crown undertake (with external assistance) a robust review of relevant internal control statements to address money-laundering risks.

Targeting Criminal Wealth No. 3 special investigation

The Targeting Criminal Wealth No. 3 (TCW3) special investigation has replaced TCW2, continuing the ACIC's work to combat, disrupt and deter criminals' pursuit of the illegal accumulation of wealth. The ACIC's ability to identify wealth that has been accumulated illegally and have it removed, through referral to the Criminal Asset Confiscation Taskforce, is an effective means to remove financial incentive to engage in criminal activity.

In late 2018, the ACIC identified intelligence relating to a property development syndicate that was using a number of legislative and regulatory loopholes to evade tax liabilities. The group was involved in phoenix-type activity and was utilising complex corporate structures to avoid detection. The ACIC was able to demonstrate both the existence of a significant taxation liability and the recoverability of those funds, by analysing the pattern of activity.

The ACIC also developed and shared intelligence about the increasing use of daigou business (also known as 'surrogate shopping') to launder money and avoid financial regulations and restrictions. The ACIC discovered a technique for exploiting daigou business that was not previously known to an international partner, and shared it with that partner. The partner indicated that the information provided had made a positive contribution to its ongoing investigations.

Previous special investigation

Although the first iteration of the Targeting Criminal Wealth special investigation has concluded, there is ongoing relevance in some of its products. During 2018–19, one historical analytical intelligence product and one historical tactical intelligence product were disseminated to a Commonwealth government agency to aid in ongoing investigation activities.

Criminal Assets Confiscation Taskforce

The work of TCW2 and TCW3 is incorporated within the ACIC's contribution to the Criminal Assets Confiscation Taskforce, a Commonwealth initiative which is led by the Australian Federal Police and includes the ACIC and the Australian Taxation Office.

The ACIC provides intelligence analysis and legal support, intelligence gathering, and strategic advice on illicit money flows impacting Australia, and helps to generate and prioritise criminal targets for proceeds of crime action.

Estimated results from ACIC referrals on financial matters are detailed in Table 6. The increase in the number of entities involved, above the four-year average, is a result of a single referral that involved more than 60 separate entities. In addition to these results, 23 audits were ongoing as a result of ACIC referrals at 30 June 2019.

Table 6: Financial referrals to the Criminal Assets Confiscation Taskforce and other partners

Detail	Four-year historical average	2018–19
Referrals	20	24 ¹
Entities involved	115	174
Estimated value of offending (\$ million)	91.69	47.95 ¹

¹ Two additional referrals, totalling \$1.23 million, were identified during quality assurance after the ACIC Annual Report 2018–19 was published.

Serious Financial Crime Taskforce

The Serious Financial Crime Taskforce (SFCT) is a Commonwealth multiagency taskforce led by the Australian Taxation Office. Drawing on the work of TCW2 and TCW3, the SFCT brings together the knowledge, resources and experiences of federal law enforcement and regulatory agencies to identify and address serious and complex financial crimes.

The SFCT's remit is to target the serious financial crimes of the highest priority. They include international tax evasion and criminality related to fraudulent phoenix-type activity, offshore service providers and trusts, and cybercrime against superannuation.

The SFCT focuses on conducting operations, collecting and sharing intelligence and identifying reform measures, with the aim of removing wealth from criminal activity, prosecuting facilitators and promoters of serious financial crime and deploying deterrent and preventative enforcement strategies.

Support provided by the ACIC in 2018–19 included the development of:

- ▶ the *Tax Crime Enablers in Australia 2018* report, outlining the nature and extent of key enabling activities such as technology, offshore service providers, and phoenix-type activity
- ▶ a strategic threat assessment relating to superannuation fraud methodologies.

Additional task forces

The ACIC also participates in and provides ongoing support to other task forces on financial themes, including the Phoenix Taskforce (led by the Australian Taxation Office) and the Fintel Alliance (led by AUSTRAC).

Illicit drugs

The illicit drug trade poses significant socioeconomic and health risks to the Australian public. The social burden that illicit drugs place on the community, as well as the long-term health consequences of their use, has been well demonstrated—leading to the development of the *National Drug Strategy*.

The ACIC contributes to meeting the goals of the strategy through:

- ▶ identification and improved understanding of drug markets and organised crime groups and criminal entrepreneurs that operate in those markets, to allow effective targeting and disruption by law enforcement agencies
- ▶ provision of subject matter expertise to better inform policies and legislation at the state and national levels

- ▶ development of intelligence products that harden domestic and border controls that restrict the availability of chemicals and equipment used to manufacture illicit drugs
- ▶ provision of intelligence to help identify and screen cargo and intercept shipments of illicit drugs.

The illegal importation, manufacture and distribution of harmful drugs in Australia generates billions of dollars in profits for organised criminal groups.

High Risk and Emerging Drugs No. 3 special operation

Through the High Risk and Emerging Drugs No. 3 (HRED3) special operation, the ACIC contributed to the implementation of the National Drug Strategy by monitoring Australian illicit drug markets to develop a comprehensive understanding of the markets and domestic and international developments that impact Australia. This work included identifying and filling intelligence gaps and working with partners on operational, policy and legislative responses.

ACIC intelligence informed the responses of national and international police and government agencies to the importation and distribution of drugs within Australia. This intelligence spanned illicit drugs including cocaine, methylamphetamine, MDMA, drug precursor chemicals, the opioid drug market and the heroin market.

In collaboration with the Australian Federal Police and the Department of Home Affairs, the ACIC developed a consultation draft strategic assessment on illicit gamma hydroxybutyrate (GHB) and other drug precursors. The assessment identifies regulatory gaps and weaknesses which contribute to the illicit trafficking and use of chemical precursors to illicit drugs, focusing on a range of chemicals associated with different drug types. The ACIC also played a prominent role in assessing the current and likely future threats posed by non-medical use of fentanyl and oxycodone.

High Risk and Emerging Drugs No. 4 special operation

To ensure the ongoing identification of and response to emerging drugs by the ACIC, the High Risk and Emerging Drugs No. 4 (HRED4) special operation has been approved to continue the success of HRED3. Like HRED3, HRED4 focuses on identifying and understanding aspects of the Australian illicit drug market, providing a clearer operational understanding for Australian law enforcement agencies and informing legislative review processes.

The ACIC conducted only a limited number of activities under HRED4 during 2018–19. The primary projects remained under HRED3 until late in June 2019, when they were transitioned to HRED4.

Previous special investigations

Due to the time taken for charges to be laid and subsequent court processes to be completed, individuals who are charged at the time of a special operation may not be tried and convicted until years later. In 2018–19, two criminal convictions were recorded for charges laid under the High Risk and Emerging Drugs No. 2 special operation.

Firearms

The use and movement of illicit firearms are serious concerns for Australia. The ACIC addresses illicit firearms through:

- ▶ investigation of firearm trafficking offences
- ▶ provision of information to support the development of government policy
- ▶ hosting of national firearms databases
- ▶ delivery of the National Firearm Trace Program.

Firearm Trafficking special operation

Through the Firearm Trafficking special operation, the ACIC worked collaboratively with partners to bring together and develop intelligence to inform the response to firearm trafficking.

The ACIC's Firearms Intelligence Hub brings together all relevant ACIC business areas—including those responsible for investigations, intelligence, the National Firearm Trace Program, policy, and information and communications technology—to deliver an integrated and timely response to firearm trafficking.

During 2018–19, ACIC firearms subject matter experts collaborated with authorities from two Pacific nations to contribute towards establishing United Nations funded firearms databases to assist those countries to meet their reporting requirements under the international Arms Trade Treaty.

Information on the likely availability of a particular type of illicitly manufactured handgun in Australia was provided to the Department of Home Affairs in the form of an updated version of a 2006 intelligence report. Since the initial report, approximately 15 such items have been referred to the ACIC's National Firearm Trace Program by various jurisdictions. It is likely that the manufacturing of firearms to serve the illicit market will continue, and that a number of the items identified in the original report are still in circulation.

Firearm Trafficking No. 2 special operation

The Firearm Trafficking No. 2 special operation allows the ACIC to continue its work to combat the trafficking of illegal firearms into Australia. Similar to Firearm Trafficking, this special operation focuses on filling the gaps within law enforcement's understanding of the illegal firearm trade within Australia. Further, this special operation provides opportunities to identify possible policy and legislative reforms.

During 2018–19, the ACIC produced intelligence to improve understanding of blank-firing firearms; firearm types linked to organised crime groups and OMCGs; firearm trafficking vulnerabilities within Australia; handguns in the Australian illicit firearm market; and the illegal manufacture of firearms in Asia. Substantial progress was also made on upgrading and further developing the Australian Firearms Information Network and the National Firearms Identification Database.

Criminal gangs

Criminal 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, firearms offences and high-level violence.

The ACIC targets criminal gangs through the:

- ▶ gathering, analysis and dissemination of gang-related intelligence products
- ▶ operations of the ACIC-led Australian Gangs Intelligence Coordination Centre
- ▶ provision and coordination of intelligence and information for National Task Force Morpheus.

Outlaw Motor Cycle Gangs special operation

The Outlaw Motor Cycle Gangs special operation worked with partners across law enforcement and other government agencies to:

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

The inaugural ACIC *National Gangs Report*, a classified report that promotes a clearer picture of the Australian gang landscape, was released to Australian and international partners in 2018–19. The development of the report involved significant liaison with state and territory law enforcement partners to develop a comprehensive picture of gangs currently operating in each jurisdiction.

Outlaw Motor Cycle Gangs No. 2 special operation

The Outlaw Motor Cycle Gangs No. 2 special operation continues the work of the ACIC and its partners to combat the activities of OMCs. It does this through its ability to uncover criminal activity and gain insights into the structure and activities of these groups to better inform and direct the responses of law enforcement agencies.

Australian Gangs Intelligence Coordination Centre

Investigations under the ACIC's OMC special operations are predominantly directed by the Australian Gangs Intelligence Coordination Centre (AGICC).

The AGICC is a central intelligence hub dedicated to responding to the escalating threats of OMCs in Australia. It builds and coordinates an intelligence-led response to OMCs 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 anti-gang squads. Relevant intelligence that the ACIC develops, including through special operations, is shared through the AGICC and informs response strategies and future initiatives to tackle OMCs.

National Task Force Morpheus

Established by the ACIC Board, the National Task Force Morpheus is a joint initiative of all law enforcement agencies and Commonwealth partners to facilitate collaborative targeting of the highest OMCG risks to Australia.

National Task Force Morpheus is coordinated through the AGICC and 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 2018–19, the task force’s achievements included:

- ▶ 2,454 arrests, summonses and court attendance notices and 5,704 charges
- ▶ seizure of 318 firearms and \$5.3 million in cash.

Emerging organised crime threats

Serious and organised crime threats affect Australia’s society, institutions, markets and economy. To combat such emerging threats requires a coordinated and collaborative approach involving many police and government partners. Serious and organised crime also threatens Australia’s national interests by exploiting the visa and migration system.

Emerging Organised Crime Threats No. 2 special operation

The Emerging Organised Crime Threats No. 2 (EOCT2) special operation aimed to identify and understand a broad spectrum of serious and organised crime threats and enablers that impact upon Australia. It worked to guide the activities and response strategies of Commonwealth, state and territory government agencies through the timely provision of intelligence, information sharing, and effective, collaborative working relationships.

In 2018–19, the ACIC played a pivotal role in informing the Review of Australia’s Sports Integrity Arrangements (Wood Review). The ACIC provided a briefing and submission to the review team, outlining the current and emerging threats to the integrity of Australian sport, with a focus on domestic links (including organised criminal links) to offshore unregulated wagering platforms and the consequent threats to the integrity of Australian sport. Follow-up briefings were provided to the Minister for Sport and ministerial officers from across government, including the Prime Minister’s Office and the Department of the Prime Minister and Cabinet, following the release of the Wood Review report.

Emerging Organised Crime Threats No. 3 special operation

The Emerging Organised Crime Threats No. 3 (EOCT3) special operation builds on the functions and work of EOCT2, which it has replaced as the special operation into emerging organised crime. By utilising the ACIC’s coercive powers, EOCT3 allows the agency to gain special insights into how criminal networks operate, informing the coordinated response to emerging threats to Australia.

The ACIC conducted only a limited number of activities under EOCT3 during 2018–19. The primary projects remained under EOCT2 until late in June 2019, when they were transitioned to EOCT3.

Criminal Exploitation of Australia's Migration System special operation

Serious and organised crime groups are becoming increasingly involved in exploiting legislative gaps and operational systems to facilitate criminal activities in relation to visa and migration fraud in Australia. Through the Criminal Exploitation of Australia's Migration System (CEAMS) special operation, the ACIC developed innovative approaches to prevent, disrupt and mitigate such activities.

The primary project of this special operation enhanced the national understanding of the role of illegal providers of immigration assistance, professional facilitators, and complicit visa sponsors.

In 2018–19, the ACIC conducted intelligence activities into visa and migration fraud enabling illegal sex industry. The activities focused on visa and migration fraud that facilitates illegal sex workers entering and remaining within Australia. They were conducted in partnership with the Department of Home Affairs, the Australian Border Force and a state police agency.

Criminal Exploitation of Australia's Migration System No. 2 special operation

The Criminal Exploitation of Australia's Migration System No. 2 (CEAMS2) special operation allows the ACIC to continue in its work on visa and migration fraud in Australia.

The ACIC did not conduct intelligence activities under CEAMS2 during 2018–19. The primary projects remained under CEAMS until 25 June 2019, when they were transitioned to CEAMS2.

Transnational criminal threats

Across all ACIC investigations and operations, a key focus is working with international and domestic partners to disrupt the activities of serious and organised crime targets either based offshore or with strong offshore links, to reduce their impact on Australia.

The ACIC's operational focus on the highest threat transnational targets and sources of crime affecting Australia involves:

- ▶ updating and assessing the APOT list, which can include top tier international and transnational serious and organised crime targets impacting Australia
- ▶ facilitating effective information sharing and relationship building to target transnational crime with domestic and international partners, through the Vestigo Task Force
- ▶ expanding and using international intelligence feeds, through international deployments and close collaboration with partners.

The ACIC leads the Vestigo Task Force, which provides a framework for enhanced collaboration and engagement with Australian and international partners to share information and intelligence.

Rather than consisting of a particular program of work, the Vestigo Task Force acts as an enabler for collaborative work across various investigations and operations. This means that the task force's results are incorporated within and reflected throughout the intelligence-led outcomes that the ACIC has achieved with partners, as described in this report.

Quantitative results

Table 7 summarises the results of the ACIC's special investigations and special operations in 2018–19 against a range of measures related to the ACIC's objectives as detailed in the *Corporate Plan 2018–19 to 2021–22*.

The ACIC's *Annual Report 2018–19* contains additional statistics on the agency's achievements in these areas, including comparisons with previous reporting periods.

Table 7: Quantitative results of special investigations and special operations 2018–19

Authorised activities	Coercive powers			Intelligence products		Disseminations		
	Exams	Notices	Products ¹	Analytical	Tactical	Analytical	Tactical	Stakeholders ²
Investigations								
HRCT2	8	14	3	20	293	311	867	74
HRCT3	–	–	–	1	33	7	133	31
TCW2	10	125	15	17	194	147	526	61
TCW3	11	18	1	1	52	17	171	36
Operations								
CEAMS	11	–	9	4	14	31	48	33
CRO	2	–	1	12	79	281	285	97
CRO2	–	–	–	–	–	–	–	–
EOCT2	12	47	15	13	178	106	713	87
EOCT3	–	–	–	–	–	–	3	2
FT	7	–	6	3	400	12	1,997	37
FT2	–	–	–	1	15	15	70	18
HRED3	78	20	54	13	303	125	978	72
HRED4	–	–	–	–	2	–	4	4
NSISOC2	24	15	8	–	43	1	138	29
OMCG	30	26	57	6	245	71	928	80
OMCG2	–	–	2	–	4	–	15	9

CEAMS = Criminal Exploitation of Australia's Migration System, CRO = Cyber-Related Offending, EOCT = Emerging Organised Crime Threats, FT = Firearm Trafficking, HRCr = Highest Risk Criminal Targets, HRED = High Risk and Emerging Drugs, NSISOC = National Security Impacts from Serious and Organised Crime, OMCG = Outlaw Motor Cycle Gangs, TCW = Targeting Criminal Wealth

1 Intelligence products derived from use of coercive powers.

2 Stakeholders that received a dissemination.

Note: There were no qualitative results from CEAMS2 and NSISOC3, as work was primarily conducted through projects under earlier special operations. Those projects transitioned to the new special operations in late June 2019.

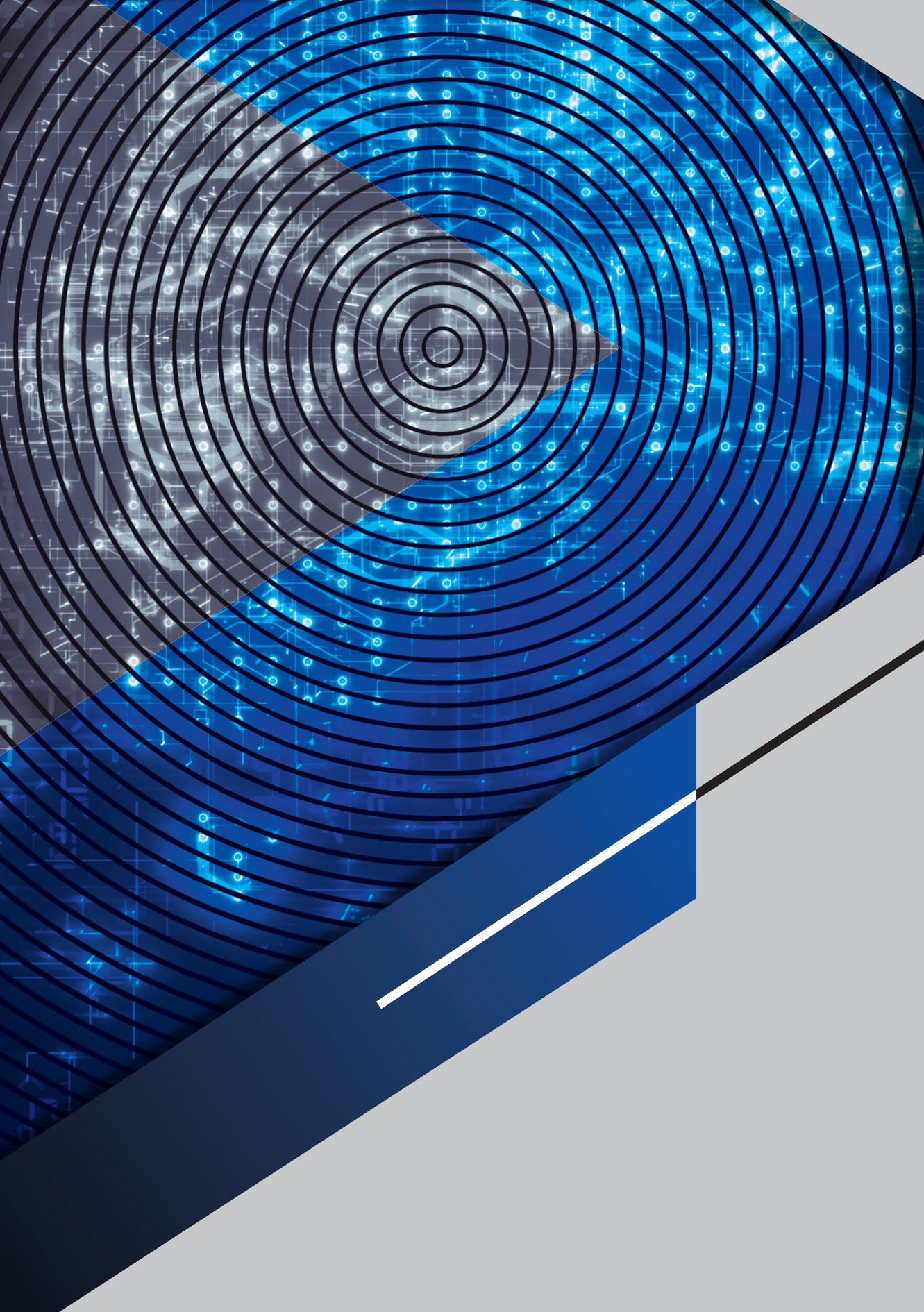
Table 7: Quantitative results of special investigations and special operations 2018–19 (continued)

Authorised activities	Identified criminality		Disruption		Seizures (\$m)			Arrests and convictions		
	Unknown ³	Known ⁴	Severe	Significant	Cash	Drugs ⁵	Tobacco ⁶	Charges	Persons ⁷	Convictions
Investigations										
HRCT2	1	9	–	3	8.063	26.902	–	326	71	29
HRCT3	4	9	–	1	1.270	1,178.104	–	6	3	–
TCW2	1	3	–	9	3.585	68.440	–	23	16	12
TCW3	30	10	1	7	5.928	233.972	–	23	13	–
Operations										
CEAMS	–	–	–	–	–	–	–	–	–	–
CRO	–	–	–	–	–	–	–	–	–	–
CRO2	3	–	–	–	–	–	–	–	–	–
EOCT2	1	1	–	1	0.053	0.525	69.448	18	13	–
EOCT3	–	–	–	–	–	–	–	–	–	–
FT	–	–	–	–	–	–	–	30	2	–
FT2	9	–	–	–	–	–	–	–	–	–
HRED3	38	16	–	4	3.156	801.566	–	132	42	8
HRED4	1	1	–	–	–	–	–	–	–	–
NSISOC2	7	4	–	1	0.647	0.001	6.029	49	9	–
OMCG	–	–	–	1	–	–	–	–	–	1
OMCG2	–	–	–	–	–	–	–	–	–	–

CEAMS = Criminal Exploitation of Australia's Migration System, CRO = Cyber-Related Offending, EOCT = Emerging Organised Crime Threats, FT = Firewall Trafficking, HRED = Highest Risk Criminal Targets, HRED = High Risk and Emerging Drugs, NSISOC = National Security Impacts from Serious and Organised Crime, OMCG = Outlaw Motor Cycle Gangs, TCW = Targeting Criminal Wealth

- 3 Previously unknown criminal.
4 Known criminal operating in a previously unknown area of criminality.
5 Estimated street value.
6 Estimated excise value.
7 Persons charged.

Note: There were no qualitative results from CEAMS2 and NSISOC3, as work was primarily conducted through projects under earlier special operations. Those projects transitioned to the new special operations in late June 2019.

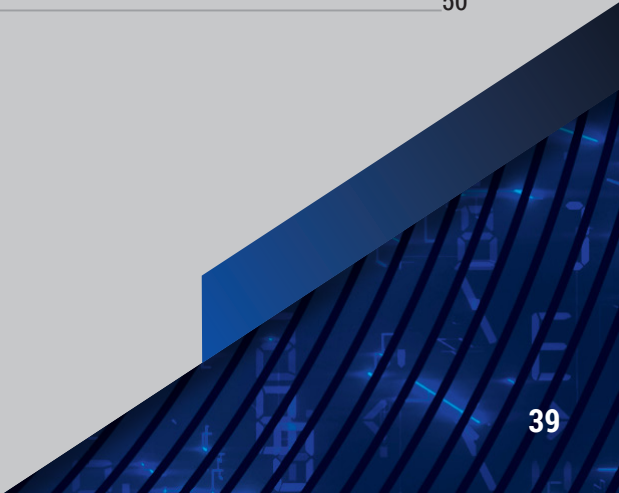




Section 5

Criminal intelligence delivery

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► Criminal intelligence delivery

The ACIC's intelligence products, advice and recommendations enhance national understanding of the organised crime environment to inform immediate and longer term collaborative responses.

ACIC partners are provided with the most comprehensive strategic picture available of serious and organised criminal activities in Australia. The ACIC builds up a national picture by fusing and analysing intelligence gathered from its investigations and operations and intelligence feeds from partner agencies.

Much of the intelligence is classified and shared only with partner agencies. However, the ACIC increasingly engages with private industry to share its understanding of the threat picture and releases unclassified information to the public to help prevent crime or harden the environment against serious and organised crime threats.

Information and intelligence products

During 2018–19, the ACIC shared information and intelligence products with more than 220 national and international law enforcement partners and other stakeholders. This included 1,284 analytical intelligence products, 7,156 tactical intelligence products, and 15,827 automated alerts on significant criminal targets.

Under circumstances as defined in section 59AB of the ACC Act, the ACIC disclosed information to two private sector bodies, on a total of eight occasions. On one occasion the information related to firearms and on seven occasions a range of information or intelligence products were disclosed to a sporting entity.

Publications

The ACIC released two publicly available reports in 2018–19, both dealing with illicit drug activity.

The ACIC's *Illicit Drug Data Report 2016–17* was released in September 2018. It is the 15th edition of the report and includes arrest, detection, seizure, purity, profiling and price data. The format and structure of the report have been changed, providing a more concise report while retaining key illicit drug market information and insights. In November 2018, for the first time, some of the information and data from the Illicit Drug Data Report was made available on the Australian Institute of Criminology's Crime Statistics Australia website. This provides greater access to the unique and valuable data contained in the report.

The National Wastewater Drug Monitoring Program conducts wastewater analysis to provide leading-edge, coordinated national research and intelligence on illicit drugs and licit drugs that can be abused. Based on international models, the program is a key initiative in establishing an objective evidence base on illicit drug use and the levels of use of a number of legitimate substances. The program released three reports in 2018–19: Report 5 in October 2018, Report 6 in February 2019, and Report 7 in June 2019.

Strategic assessments

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

In 2018–19, the ACIC produced strategic assessments on a range of issues, including:

- ▶ the key enablers of serious and organised tax fraud in Australia
- ▶ crime scripting and its ability to identify opportunities for prevention, intervention and disruption of cybercrime
- ▶ regulatory gaps and weaknesses which contribute to the illicit trafficking and use of chemical precursors to illicit drugs
- ▶ the scope and complexity of the sports integrity environment.

Strategic and operational insights

The ACIC's 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 coercive powers or covert capabilities.

Intended for stakeholders with an in-depth understanding of the organised crime environment, 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.

In 2018–19, the ACIC's strategic and operational insights included issues such as:

- ▶ the increasing utilisation of daigou business to launder money
- ▶ the structure and methodologies of drug trafficking syndicates in the region
- ▶ Darknet vendors selling illicit drugs to Australian customers
- ▶ institutions that are suspected of being used for criminal activities, including tax evasion, cybercrime, foreign exchange fraud, Ponzi schemes and laundering of the proceeds of crime
- ▶ the identification and understanding of high-priority serious and organised crime threats.

National information and intelligence sharing services

The ACIC provides national criminal information and intelligence services to approximately 74,000 police officers and other accredited users on a daily basis, to keep them, and the Australian community, safe. The ACIC does this by bringing together essential law enforcement information from around the country and making it accessible to all Australian police and wider law enforcement agencies.

The board has responsibilities, as set out in section 7C of the ACC Act, to determine priorities in relation to national policing information systems and services and make recommendations to the Minister about charges for national policing information services and expenditure from the National Policing Information Systems and Services Special Account. Expenditure from the special account is invested back into national policing information systems to ensure that they remain contemporary.

These capabilities are specifically designed to equip police with the information they need to investigate, solve and prevent crimes. This vital information improves decision-making and contributes to a safer Australia.

Frontline services

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.

National Police Reference System

The National Police Reference 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 74,000 police officers, investigators and analysts across Australia, enabling them to share essential national policing information.

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

The ACIC conducts regular audits of its systems to ensure that only authorised users who require access to its systems have access. During 2018–19, one of these audits removed a number of inactive, unnecessary or no longer authorised user accounts from the National Police Reference System.

During 2018–19, the National Police Reference System:

- ▶ was available 99.85 per cent of the time, against a board-agreed benchmark of 99.5 per cent
- ▶ had 74,633 registered users
- ▶ held 12,070,156 records (at 30 June)
- ▶ performed 33,496,382 searches.

National Names Index

The National Names Index supports police and wider law enforcement by providing high-level snapshots of national persons of interest to a range of stakeholders to inform operational policing and wider law enforcement initiatives, and to support the National Police Checking Service.

The index is being decommissioned and, as expected, the numbers of users and searches have declined.

During 2018–19, the National Names Index:

- ▶ was available 99.99 per cent of the time, against a board-agreed benchmark of 99.0 per cent
- ▶ had 7,527 registered users
- ▶ held 10,466,503 records (at 30 June)
- ▶ performed 1,114,503 searches.

National Firearms Identification Database

The National Firearms Identification 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 that firearms are recorded consistently during registration, importation or transfer of ownership and movement across state and territory borders.

In 2018–19, the ACIC continued to enhance the data contained within the National Firearms Identification Database. The data-cleansing process has involved removing approximately 1,900 make and manufacturer templates identified as being multiples of other entries, incorrectly spelled or unable to be recognised as existing manufacturers. The process has also reviewed calibre listings and linked each make and manufacturer with metadata. On 1 July 2018, the database began to record country of manufacture. The removal of incorrect descriptors and addition of extra manufacturer information will support higher quality results from searches of the database.

During 2018–19, the National Firearms Identification Database:

- ▶ was available 99.88 per cent of the time, against a board-agreed benchmark of 96.0 per cent
- ▶ had 39 registered users
- ▶ held 12,972 records (at 30 June)
- ▶ performed 12,137 searches.

National Firearms Licensing Registration System

The National Firearms Licensing Registration System helps to build the picture of firearm licence and registration information across the country. It is used to ensure compliance with firearm registration requirements. The system helps state and territory firearm registrars to view the licence and registration information held by other jurisdictions, including details of firearm licence holders, licensed firearm dealers, registered firearms, and lost, stolen and transferred firearms.

The ACIC decommissioned the National Firearms Licensing Registration System user interface in 2018–19. Police partner agency users are transitioning to the Australian Firearms Information Network, which is more sophisticated and holds richer, higher quality data. The final police partner agency will be migrated to the new network during 2021–22. As a result, 2018–19 saw a reduction in system users and searches conducted, accompanied by a large reciprocal increase in users and searches conducted for the Australian Firearms Information Network.

During 2018–19, the National Firearms Licensing Registration System:

- ▶ was available 99.98 per cent of the time, against a board-agreed benchmark of 99.0 per cent
- ▶ had 453 registered users
- ▶ held 8,452,795 records (at 30 June)
- ▶ performed 192,821 searches.

Australian Firearms Information Network

In 2018–19, the ACIC completed the development phase of the Australian Firearms Information Network, which will replace the National Firearms Licensing Registration System when all partners have been connected to the new system.

The 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 2018–19, the Australian Firearms Information Network:

- ▶ was available 99.86 per cent of the time (without a board-agreed benchmark)
- ▶ had 927 registered users
- ▶ held 10,904,259 records (at 30 June)
- ▶ performed 108,219 searches.

Australian Ballistic Information Network

The Australian Ballistic Information Network helps police to identify ballistics data to link crimes, firearms and suspects. It helps police across Australia to electronically match crime scene ballistic evidence to the firearm used, or to link crimes where the same firearm or its components have been used at multiple scenes. This system builds on existing ballistic libraries that operate in several states.

During 2018–19, the Australian Ballistic Information Network:

- ▶ was available 100 per cent of the time, against a board-agreed benchmark of 95.0 per cent
- ▶ had 94 registered users
- ▶ held 83,819 records (at 30 June)
- ▶ performed 3,817 searches
- ▶ returned 90 positive data matches.

National Vehicles of Interest System

The National Vehicles of Interest System enables police to record and check details about local or interstate vehicles that may be stolen or suspicious. 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).

Substantial work occurred in 2018–19 to develop and implement a new platform for the National Vehicles of Interest System. Users are in the process of being transitioned from an ageing mainframe platform to the new platform, which will be fully implemented by the end of 2019. This work will ensure that the system can manage expected future increases in queries and usage.

During 2018–19, the National Vehicles of Interest System:

- ▶ was available 99.98 per cent of the time, against a board-agreed benchmark of 99.0 per cent
- ▶ had 10,584 registered users
- ▶ held 3,834,521 records (at 30 June)
- ▶ performed 7,379,585 searches.

Biometric and forensic services

Biometric and forensic systems help police to solve crimes through biometric services, including fingerprint and DNA systems, and assist police to identify missing persons, human remains and disaster victims.

National Automated Fingerprint Identification System

Australian police use the National Automated Fingerprint Identification System to identify individuals from their fingerprints or palm prints. The Department of Home Affairs also uses the system, to support Australia's migration program.

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

In 2018–19, the ACIC completed vendor support agreements to enable the National Automated Fingerprint Identification System to continue to deliver fit-for-purpose biometric matching services.

During 2018–19, the National Automated Fingerprint Identification System:

- ▶ was available 99.97 per cent of the time, against a board-agreed benchmark of 99.4 per cent
- ▶ had 694 registered users
- ▶ held 10,034,465 records (at 30 June)
- ▶ performed 1,647,519 searches
- ▶ returned 99,524 positive data matches.

National Criminal Investigation DNA Database

The National Criminal Investigation DNA Database helps police to solve crimes and exclude innocent people from their investigations by linking DNA profiles from crime scenes with persons of interest. It also allows police to match profiles of two or more unsolved crime scenes, linking previously unrelated investigations.

The database includes more than 1.32 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.

An audit of database users was conducted during 2018–19, purging individuals no longer authorised to access the system.

During 2018–19, the National Criminal Investigation DNA Database:

- ▶ was available 99.79 per cent of the time, against a board-agreed benchmark of 99.0 per cent
- ▶ had 118 registered users
- ▶ held 1,324,575 records (at 30 June)
- ▶ returned 86,784 positive data matches.

National Missing Persons and Victim System

An estimated 38,000 people are reported missing each year in Australia. The National Missing Persons and Victim System helps police to identify missing persons by accessing data on long-term missing persons, unidentified human remains and disaster victim identification.

In 2018–19, the ACIC completed a business case for an upgrade of the National Missing Persons and Victim System platform which will improve access to and functionality of the service.

During 2018–19, the National Missing Persons and Victim System:

- ▶ was available 100 per cent of the time, against a board-agreed benchmark of 96.0 per cent
- ▶ had 795 registered users
- ▶ held 3,383 records (at 30 June).

Protection services

Protection systems assist police with finding information on domestic violence orders, managing child sex offenders and identifying child abuse images.

National Child Offender System

The National Child Offender System helps police protect the community by enabling them to uphold child protection legislation in their state or territory.

The system allows Australian police to record and share child offender information and directly enables police in each state and territory to manage key information to meet the requirements of the relevant child protection legislation. The National Child Offender System includes the Australian National Child Offender Register and the Managed Person System.

The ACIC has removed a number of inactive and unnecessarily created user accounts to meet the software licensing requirements for the system. This work commenced during 2017–18 and was completed in early 2018–19.

During 2018–19, the National Child Offender System was available 99.76 per cent of the time (against a board-agreed benchmark of 99.5 per cent) and had 903 registered users.

Child Exploitation Tracking System

The Child Exploitation Tracking 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 2018–19, the Child Exploitation Tracking System was available 100 per cent of the time (against a board-agreed benchmark of 96.0 per cent). The number of users of the system is intentionally limited due to the nature of the work the system supports, to minimise the emotional impact on staff caused by explicit materials. As a result, the number of users is not an effective performance measure, and results are not available.

Significant progress has been made on the business case for a child abuse materials management system to replace the Child Exploitation Tracking System with a solution that provides improved capabilities to identify children at risk of sexual abuse and enable timely intervention strategies for victims. The business case will be ready by the middle of 2019–20.

Court Portal

The ACIC's Court Portal enables domestic violence orders in the National Police Reference System to be shared between police and courts across Australia. In 2018–19, the system was searched 7,733 times.

Cybercrime reporting systems

Members of the public reported instances of cybercrime via the Australian Cybercrime Online Reporting Network (ACORN) up until 30 June 2019, when the Australian Signals Directorate's ReportCyber system replaced ACORN.

During 2018–19, ACORN was available 99.84 per cent of the time (without a board-agreed benchmark), and attracted 387,331 visitors. The system received 64,528 reports and referred 48,210 of those reports (74.71 per cent) to law enforcement agencies.

Criminal intelligence systems and databases

Criminal intelligence systems facilitate dissemination and sharing of criminal intelligence, including databases of intelligence holdings that can be accessed and analysed by approved users.

The ACIC provides secure network access for partners to a range of analytical tools and criminal intelligence holdings to help prioritise and focus resources to respond to serious and organised crime and protect the community.

Australian Criminal Intelligence Database

The Australian Criminal Intelligence Database (ACID) is Australia's national criminal intelligence and information system, which is mandated in section 7A(a) of the ACC Act. It includes intelligence collected and collated by the ACIC as well as intelligence uploaded by 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. The NCIS is the planned replacement system for ACID, which is more than 30 years old.

The data hosted on ACID includes:

- ▶ the National Clandestine Laboratory Database, a national repository of data and intelligence which allows all Australian law enforcement and forensic agencies to capture and share information about seized clandestine laboratories
- ▶ the Violent and Sexual Crime Database, which captures information about violent and sexual crime and provides analytical tools to allow specially trained analysts to complete behavioural comparative case analysis to identify serial offenders at the earliest opportunity.

During 2018–19, ACID:

- ▶ was available 100 per cent of the time (without a board-agreed benchmark)
- ▶ had 3,067 registered users
- ▶ held 5,337,790 records (at 30 June)
- ▶ performed 564,502 searches.

National Criminal Intelligence System

The NCIS will provide secure access to a national view of criminal intelligence and information, and support the collation and sharing of criminal intelligence and information. The aim of the NCIS is to strengthen criminal information and intelligence sharing across law enforcement agencies, jurisdictions and the criminal intelligence community.

The NCIS 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 and deconfliction between investigations, and alerts and indicators for entities and activities of interest.

The ACIC is the lead agency accountable and responsible for delivering the NCIS, while the Department of Home Affairs will take a key role in delivering the NCIS capability. Full funding to support delivery of the NCIS's first tranche was secured in 2018–19.

During 2018–19, the NCIS interim solution had more than 700 active users and attracted more than 54,350 searches, across more than 600 million available records.

Australian Law Enforcement Intelligence Network

The Australian Law Enforcement Intelligence Network (ALEIN) is the secure extranet that provides a gateway for partners to access the ACIC's various intelligence databases and services. ALEIN is also a secure messaging channel for sharing criminal information and intelligence between Commonwealth, state and territory partners.

Ongoing work to deliver improved jurisdictional availability to ALEIN, as part of a larger activity to transition all business systems to a new network with improved performance, will be completed by the end of 2019.

During 2018–19, ALEIN was available 100 per cent of the time to its 5,873 registered users.

National Target System

The National Target System contains information on nationally significant organised crime groups (criminal targets). It houses the National Criminal Target List and the National Gangs List.

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

The National Gangs List is the first nationally accessible database containing gang and membership details of Australian-based ‘one percenter’ OMCGs—gangs who see themselves as operating outside the law. The National Gangs List is linked to the National Criminal Target List and shares functionality, including automated alerting.

Australian law enforcement and other government agencies, including international law enforcement partners, contribute to the system. Australian and New Zealand law enforcement partners, and prescribed regulatory agencies, can access the system online.

During 2018–19, the National Target System:

- ▶ was available 100 per cent of the time (without a board-agreed benchmark)
- ▶ had 961 registered users
- ▶ held 15,951 records (at 30 June).

Automated Alerting Service

The Automated Alerting Service provides near real-time advice on the activities of criminal targets and promotes opportunities for further intelligence development and investigative activity.

Gangs Intelligence Hub

The Gangs Intelligence Hub is the central and secure repository of OMCG and criminal gang information and intelligence. It supports the capability to share information about gang activity in Australia and overseas among partner agencies.

Checking services

Checking services enhance the safety of the community by providing timely and accurate information that helps organisations to make informed decisions about the suitability of applicants for a range of employment, registration, licensing and other entitlements.

National Police Checking Service

The National Police Checking Service (NPCS) is designed to assist employers and authorising bodies to make informed decisions about the suitability of staff and applicants. It is also 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.

During 2018–19, 63 accredited bodies left the NPCS and 20 new accredited bodies joined. The introduction of more stringent identity-proofing requirements caused some accredited bodies to terminate their accreditation. Some states have introduced centralised service programs which have reduced the numbers of state-based government accredited bodies.

A high-level future operating model for the NPCS was finalised and endorsed by the ACIC and police partner agencies. The collaborative stakeholder approach will continue into Tranche 2 of the NPCS Transformation Program to ensure the successful delivery of capability.

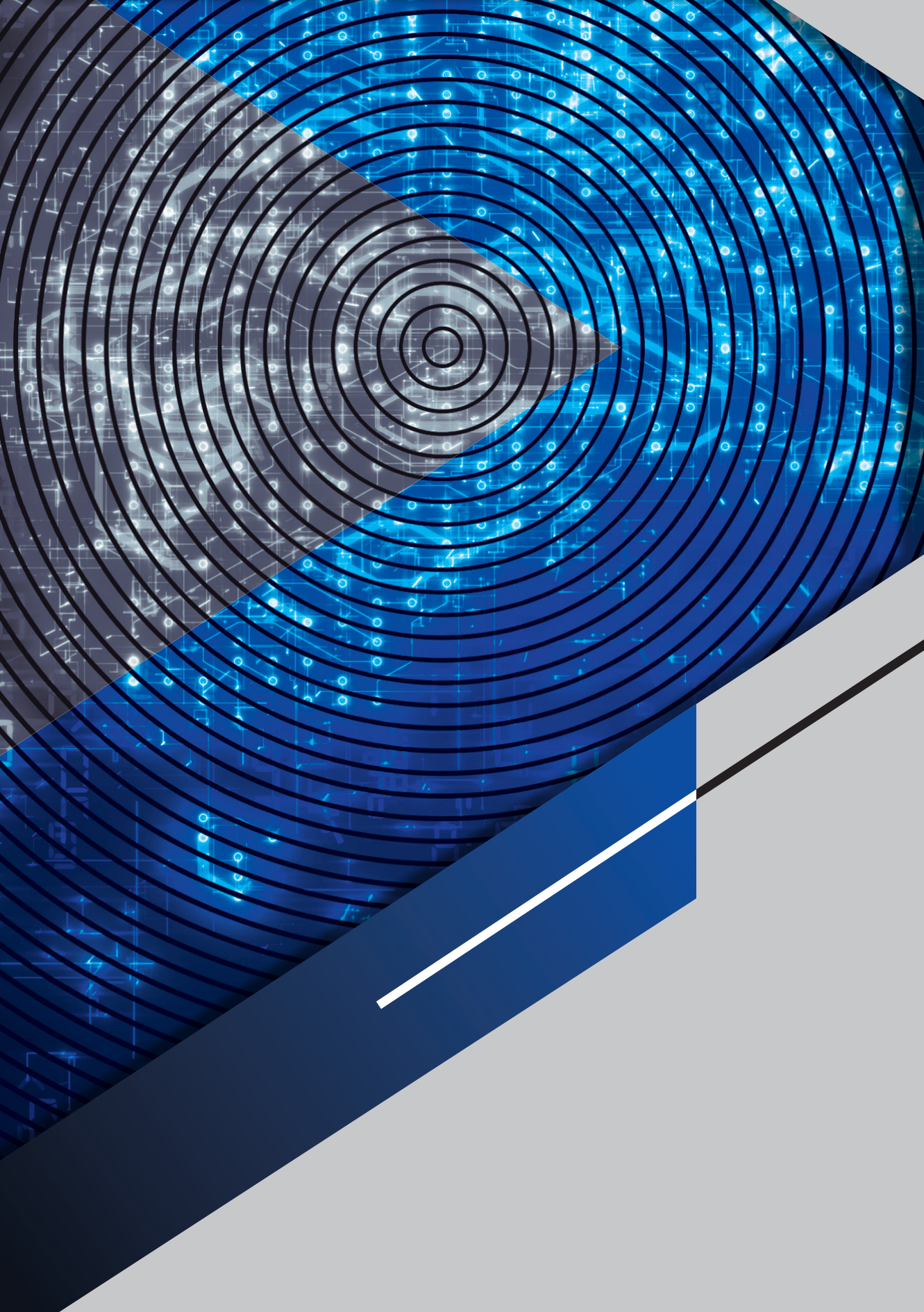
The ACIC and police partners track the timeliness of NPCS checks as a measure of performance. In 2018–19:

- ▶ The 'standard check' target of completion within 10 days was met in 95.7 per cent of instances.
- ▶ The 'urgent check' target of completion within five days was met in 92.7 per cent of instances.

The system was available 99.68 per cent of the time (against a board-agreed benchmark of 99.0 per cent), and a total of 5,630,364 criminal history checks were completed for 210 accredited bodies, during the year.

Working with Children Checks National Reference System

The development of the Working with Children Checks National Reference System was completed in 2018–19. The service supports decisions to approve applicants to work with children, including the national provision of negative notices to relevant stakeholders. Integration with state and territory screening agencies will occur from July 2019, to ensure that legislation and policies are updated and aligned with the new system. The project will be completed by the end of June 2020.





Section 6

Legislative framework and legal actions

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► Legislative framework and legal actions

This section of the report provides a summary of legislative changes and legal actions involving the ACIC in 2018–19. It includes the outcomes of prosecutions, proceeds of crime actions and contempt cases arising from ACIC investigations, and judicial decisions on reviews of ACIC administrative decisions.

Legislative and administrative changes

An important element of ACIC work is protecting the community by closing off opportunities for serious and organised crime to be undertaken. To achieve this, the ACIC participates in public inquiries and makes submissions for legislative reform, and provides intelligence to partners which assists them to develop or implement compliance regimes which close off opportunities for criminal exploitation.

The ACC Act and Regulations

The ACIC is established by section 7 of the ACC Act. During 2018–19, the ACC Act was amended by the *Office of National Intelligence (Consequential and Transitional Provisions) Act 2018*, which commenced on 20 December 2018 and amended the ACC Act to facilitate information sharing with the newly established Office of National Intelligence. The ACIC Board was informed of the office's establishment and was briefed by the Director-General National Intelligence.

In late 2018, the ACIC worked with the Department of Home Affairs to replace the *Australian Crime Commission Regulations 2002* (ACC Regulations), to better support the operation of the ACC Act and the national policing information systems that the ACIC administers. At its September 2018 meeting, the ACIC Board was briefed on and noted the proposed amendments to the Regulations.

The *Australian Crime Commission Regulations 2018* commenced on 18 December 2018. The new Regulations retained existing provisions but with some updating and revised drafting.

Additional provisions included in the 2018 Regulations were:

- clarification 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'
- additional options for the service of summonses, such as electronic service and extensions to the categories of judges to whom the ACIC may apply for a substituted service order to include judges of the Federal Circuit Court
- amendments to the form of section 22 warrants
- the prescribing of additional international bodies, bodies corporate and classes of bodies corporate for the disclosure of ACIC information

- ▶ national policing information
 - state and territory working with children screening agencies and court agencies prescribed as agencies that contribute information to a national policing information system for the Working with Children Checks National Reference System and the National Domestic Violence Order Scheme and the Interim Order Reference System, respectively
 - the prescribing of new national policing information systems, namely the NCIS; the End User Declaration Online System; and the Working with Children Checks National Reference System
- ▶ the removal of six national policing information systems to reflect the current systems maintained by the ACIC.

National policy issues

During 2018–19, the ACIC was actively involved in a range of national policy issues and responses. For example, the ACIC worked with the Department of Home Affairs and other portfolio agencies to develop the *Telecommunications and Other Legislation Amendment (Assistance and Access) Act 2018*, which became law in December 2018. This Act equips law enforcement and intelligence agencies with the tools they need to effectively operate in the digital era and keep the Australian community safe.

The ACIC also supported the development of the *Office of National Intelligence Act 2018*, which established the Office of National Intelligence to lead and coordinate the expanded National Intelligence Community, of which the ACIC is a member.

The ACIC contributed to the *National Strategy to Fight Transnational, Serious and Organised Crime*. The strategy provides a framework to strengthen Australia's efforts across governments (domestically and internationally), the private sector, the community, civil society and academia to combat the evolving threats from transnational serious and organised crime.

The ACIC has worked closely with the Department of Home Affairs and other operational agencies to support the portfolio's engagement with the Comprehensive Review of the Legal Framework Governing the National Intelligence Community (Richardson Review), which commenced in May 2018. The Richardson Review will prepare a classified report and recommendations for the Australian Government by the end of 2019.

The ACIC has also engaged with the ongoing review of arrangements for the protection and management of identity information in Australia, which commenced in September 2018. The review seeks to determine ways to enhance or strengthen arrangements that support and govern the protection and management of identity information.

Priority criminal threats

In February 2019, the ACIC provided a submission to the Parliamentary Joint Committee on Intelligence and Security, supporting the passage of the Telecommunications and Other Legislation Amendment (Assistance and Access) Act 2018. In particular, the ACIC provided information in relation to the threat posed by exploitation of encrypted technologies by criminal syndicates and the benefits that the Act will provide in assisting the ACIC to efficiently and effectively gather intelligence to investigate and disrupt serious and organised crime impacting Australia.

The ACIC contributed to the 'Whole-of-Government Drug Strategy' Budget measure to support the Australian Government's commitment to tackle drug and alcohol abuse and minimise the associated harms to individuals and the community. To support the implementation of the strategy, the ACIC received funding in the 2019–20 Budget, including ongoing funding for the National Wastewater Drug Monitoring Program and the AGICC.

In collaboration with the Australian Federal Police and Department of Home Affairs, the ACIC developed a consultation draft strategic assessment on illicit GHB and other drug precursors. The assessment identifies regulatory gaps and weaknesses which contribute to the illicit trafficking and use of chemical precursors to illicit drugs, focusing on a range of precursor chemicals associated with different drug types.

In March 2019, the ACIC provided a submission to the New South Wales Special Commission of Inquiry into the Drug 'Ice'. The ACIC submission focused on the methylamphetamine and MDMA markets and outlined the operational implications of any proposal to decriminalise or legalise amphetamine-type stimulants or other illicit drugs. In particular, the ACIC highlighted the likely increase in transnational and domestic serious and organised crime groups in these markets, and noted the importance of a coordinated, national response to drugs policy.

The ACIC provided a submission to the Victorian Commission for Gambling and Liquor Regulation's Sixth Review of the Casino Operator and Licence, highlighting vulnerabilities related to junket operations. The submission informed a recommendation made by the commission in its report, released in July 2018, that casino operator Crown undertake (with external assistance) a robust review of relevant internal control statements to address money laundering risks.

The ACIC played a pivotal role in informing the Wood Review. The ACIC provided a briefing and submission to the review team, outlining the current and emerging threats to the integrity of Australian sport, with a focus on domestic links (including organised criminal links) to offshore unregulated wagering platforms and the consequent threats to the integrity of Australian sport. Follow-up briefings were provided to the Minister for Sport and ministerial officers from across government, including the Prime Minister's Office and the Department of the Prime Minister and Cabinet, following the release of the Wood Review.

Court proceedings

In 2018–19, the ACIC was involved in court proceedings of two kinds:

- ▶ prosecutions and proceeds of crime actions, initiated by other government agencies, in which evidence and intelligence gathered by the ACIC led directly or indirectly to the proceedings
- ▶ matters in relation to contempt of the ACIC, initiated by the ACIC under section 34A of the ACC Act.

Criminal offences

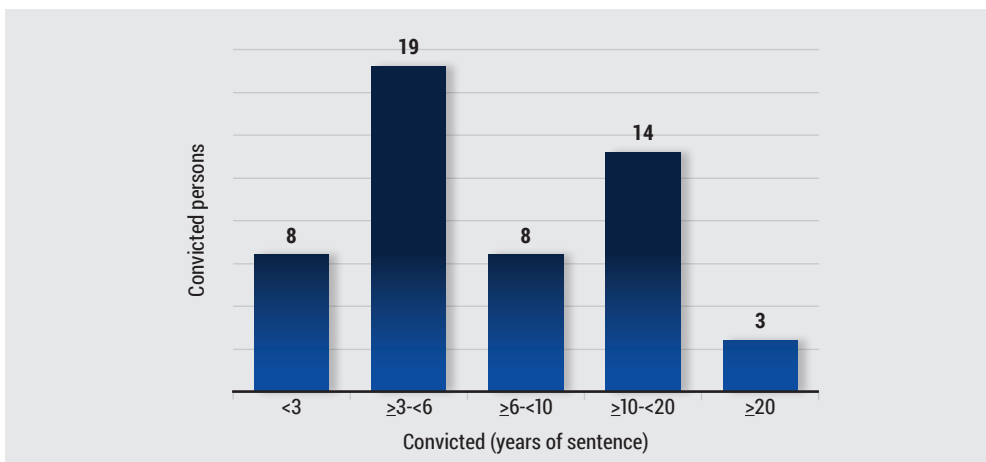
In 2018–19, as a result of ACIC intelligence, law enforcement partners charged 169 people with criminal offences, laying a total of 607 charges. Fifty-two convictions were secured with four acquittals and one dismissal recorded (these totals may include people charged in previous years).

Recorded results for numbers of persons charged and charges laid were lower than average. This is in line with the ACIC's increasing focus on high-threat and international targets impacting Australia.

ACIC-related court results included convictions for offences related to illicit drugs, fraud and deception, prohibited weapons and explosives, theft, and offences against justice and procedures. There was one conviction for an offence described within the ACC Act, with an accompanying penalty.

The sentencing outcomes of convictions related to ACIC intelligence are presented in Figure 1.

Figure 1: Sentencing outcomes of convictions arising from ACIC intelligence 2018–19



Note: These results relate only to persons who appeared before a court in 2018–19. They may not represent the full number of people charged during the year.

Proceeds of crime

The ACIC, in conjunction with its partners, works to undermine the profitability of criminal enterprises. Legislation provides for the proceeds of crime to be controlled, confiscated and potentially forfeited to the Commonwealth to discourage criminal activity and to prevent reinvestment in further criminal activity.

Table 8 summarises the outcomes of proceeds of crime activities that resulted from ACIC referrals.

Table 8: Proceeds of crime outcomes 2018–19

Type	Amount
Restrained ¹	\$7,919,400
Confiscated ²	\$1,296,350
Recovered ³	—

¹ Assets are frozen or restrained due to a suspicion of criminal activity.

² Criminal involvement is confirmed and the court orders a defendant pay money to the government or forfeit assets. This can be in the form of a forfeiture order, a pecuniary penalty order or a conviction-based forfeiture.

³ Money obtained from the transfer of money or the sale of assets is paid to the government.

Note: In general when the ACIC restrains or confiscates assets or funds they are transferred to the AFP or state police who are responsible for the asset until it is deemed appropriate to 'recover' the funds to the Commonwealth. Once the asset is 'recovered', it will be included in reporting by the entity that undertakes the recovery and not the ACIC.

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. Those applications are heard in either the Federal Court or the relevant state or territory Supreme Court.

Three contempt proceedings were finalised in 2018–19.

Anderson v GPY18 [2019] FCA 954

On 11 September 2018, GPY18 (a court-ordered pseudonym) was summonsed to appear before an ACIC examiner. GPY18 appeared before the examiner and refused to take the oath or make an affirmation, and contempt proceedings were commenced under section 34A of the ACC Act. GPY18 pleaded guilty to the contempt.

On 21 June 2019, GPY18 was sentenced in the Federal Court to six months immediate imprisonment.

Anderson v DKH18 [2018] FCA 1571

On 6 June 2018, DKH18 (a court-ordered pseudonym) was summonsed to appear before the ACIC examiner. DKH18 appeared before the examiner and refused to answer questions. Contempt proceedings were commenced under section 34A of the ACC Act. On 5 October 2018, DKH18 pleaded guilty to six counts of contempt of the ACIC.

On 19 October 2018, DKH18 was sentenced in the Federal Court to an indefinite period of imprisonment.

Sage v AFL19—Federal Court proceeding VID1660/2018

On 22 June 2018, AFL19 (a court-ordered pseudonym) was summonsed to appear before an ACIC examiner. During the course of the examination, AFL19 refused to answer questions. Contempt proceedings were commenced under section 34A of the ACC Act. The examination was adjourned for mention to 17 December 2018. When the examination commenced, AFL19 purged his contempt and the application was discontinued.

Judicial reviews

The ACIC is subject to legal challenge as a normal part of its 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 2018–19, the ACIC was involved in five significant matters, for which the ACIC prepared regular reports to the Office of Legal Services Coordination. Two of those matters were also reported on in last year’s annual report.

XXVII v Commonwealth of Australia & Ors

XXVII (a court-ordered pseudonym) was summonsed to attend an examination under the ACC Act. On 15 March 2016, XXVII filed an application for judicial review seeking orders to prevent the examination from proceeding on a number of administrative law grounds. In particular, XXVII challenged the validity of the board’s special investigation under which XXVII was summonsed, and consequently the summons itself. The matter was heard before Justice Charlesworth.

On 29 March 2017, the court ruled in favour of the ACIC, dismissing the application. Justice Charlesworth found that the application sought to relitigate issues that had been resolved by the decisions in *XCIV v ACC & Sage*, *LX v Commonwealth of Australia* and *XX v Australian Crime Commission*, and upheld the validity of the special investigation.

On 11 April 2017, XXVII filed an appeal against the decision of Justice Charlesworth. The appeal was heard on 22 August 2017, and on 13 April 2018 the Full Court dismissed the appeal. XXVII filed an application for special leave on 11 May 2018. On 12 September 2018, the application was dismissed on the papers.

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 pre-charge by the then Australian Crime Commission on 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.

On 8 November 2018, the court unanimously held that the ACIC had acted unlawfully, on the basis that no special investigation was being conducted under the ACC Act at the relevant time. The majority granted permanent stays of the appellants' prosecutions.

CCXV v Commonwealth of Australia & Ors

CCXV (a court-ordered pseudonym) was summonsed to attend an examination under the ACC Act. On 3 September 2018, CCXV filed an application for judicial review seeking orders to prevent the examination from proceeding on a number of administrative law grounds. In particular, CCXV challenged the validity of the ACIC Board's special investigation under which CCXV was summonsed, the summons itself, and the constitutional validity of the provisions in the ACC Act that permit examinations of persons 'post-charge'.

The matter was resolved before the hearing and on 3 June 2019 Justice White made consent orders dismissing the application.

CXXXVIII v Commonwealth of Australia & Ors

CXXXVIII (a court-ordered pseudonym) was served with a summons to appear before an examiner in furtherance of a special investigation. He was also served with a forthwith notice to produce, at the time and place of service, certain items in his custody and control. The examiner conceded that the summons and notice were ineffectually served, for different reasons. The examiner exercised his powers and issued a fresh summons and a new notice, which were subsequently served on CXXXVIII.

On 27 June 2018, CXXXVIII filed an application for judicial review seeking to challenge the decision to issue the two summonses and two notices served on him. The ACIC conceded that the first notice and the first summons were ineffectually served/deficient, but contended that the second summons and second notice were lawfully and validly issued and served.

The matter was heard in an expedited hearing, and Justice Brown ruled in favour of the respondents on 31 August 2018. On 20 September 2018, CXXXVIII filed an application in the Full Federal Court seeking to appeal the whole of the decision of Justice Brown. His application was unsuccessful.

CXXXVIII has applied to the High Court for special leave in respect of the whole of the Full Federal Court's judgement.

CXXXVIII v The Honourable Justice Richard Conway White & Ors

An ACIC examiner applied for the issue of a section 31 warrant under the ACC Act. The warrant was issued by Justice White on 8 August 2018. The AFP subsequently executed the warrant and stopped CXXXVIII (a court-ordered pseudonym) from leaving the country.

On 31 December 2018, CXXXVIII filed an application seeking judicial review of the arrest warrant under section 39B of the *Judiciary Act 1903*. The matter is listed for hearing on 25 November 2019.

► List of abbreviations

ACC Act	<i>Australian Crime Commission Act 2002</i>
ACIC	Australian Criminal Intelligence Commission
ACID	Australian Criminal Intelligence Database
ACORN	Australian Cybercrime Online Reporting Network
AGICC	Australian Gangs Intelligence Coordination Centre
ALEIN	Australian Law Enforcement Intelligence Network
APOT	Australian Priority Organisation Target
AUSTRAC	Australian Transaction Reports and Analysis Centre
CEAMS	Criminal Exploitation of Australia's Migration System special operation
CEAMS2	Criminal Exploitation of Australia's Migration System No. 2 special operation
CEO	Chief Executive Officer
EOCT2	Emerging Organised Crime Threats No. 2 special operation
EOCT3	Emerging Organised Crime Threats No. 3 special operation
GHB	gamma hydroxybutyrate
HRCT2	Highest Risk Criminal Targets No. 2 special investigation
HRED3	High Risk Emerging Drugs No. 3 special operation
MDMA	3,4-methylenedioxymethamphetamine
NCIPs	National Criminal Intelligence Priorities
NCIS	National Criminal Intelligence System
NPCS	National Police Checking Service
NSISOC2	National Security Impacts from Serious and Organised Crime No. 2 special operation
NSISOC3	National Security Impacts from Serious and Organised Crime No. 3 special operation
OMCGs	outlaw motorcycle gangs
Richardson Review	Comprehensive Review of the Legal Framework Governing the National Intelligence Community
SFCT	Serious Financial Crime Taskforce
TCW2	Targeting Criminal Wealth No. 2 special investigation
TCW3	Targeting Criminal Wealth No. 3 special investigation
Wood Review	Review of Australia's Sports Integrity Arrangements

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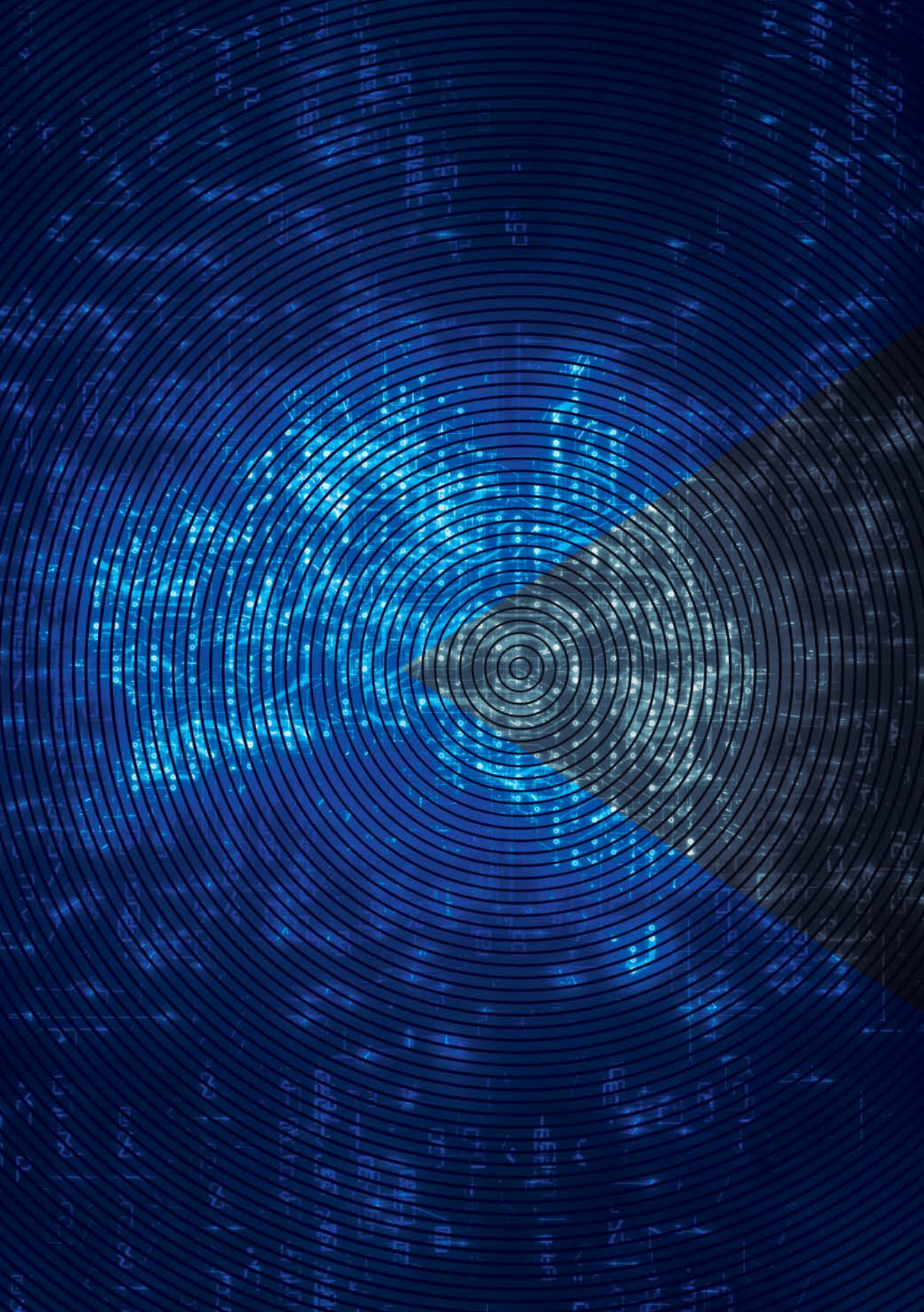
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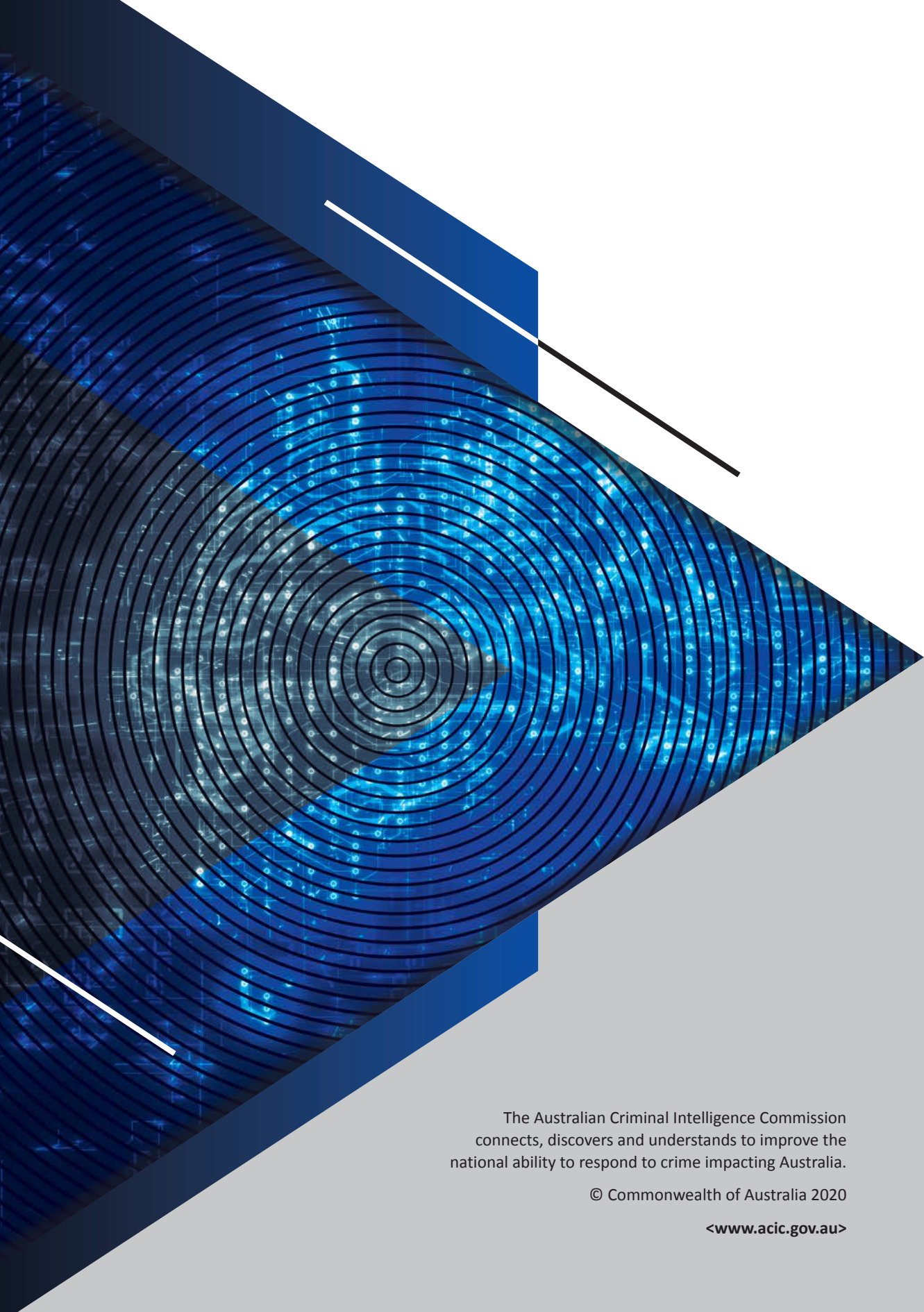
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