AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION

CRIMINAL STRATEGIC ASSESSMENT

Billions at risk: serious and organised criminals targeting key Commonwealth-funded programs s 47E(d) [redacted]

Date: 5 December 2019

Reference: 19/400715

s 47E(d) [redacted]

Key judgements

- s 22(1)(a)(ii) [redacted]
- s 47E(d) [redacted] **the overall losses to serious and organised fraud across all Commonwealth-funded programs (including programs not listed above) are almost certainly well in excess of a bill on dollars per year. (P)**
- s 22(1)(a)(ii) [redacted]
- [redacted]
- [redacted]
- [redacted]

Released under the Freedom of Information Act 1982 (Cth)

s 47E(d) [redacted]

Introduction

s 22(1)(a)(ii)

Context

- s 22(1)(a)(ii)
-
-
-

Released by the Office of the Australian Information Commissioner under the Freedom of Information Act 1982 (Cth)

Scale

6. s 47E(d) [redacted] s 47E(d) [redacted] s 47E(d) [redacted]

7. **But, the overall losses to serious and organised fraud across all Commonwealth-funded programs** s 47E(d) [redacted] **are almost certainly well in excess of a billion dollars per year.** Key programs providing child care, aged care, disability support, vocational education and training, and employment services may soon be worth more than $50b per year [ii] s 47E(d) [redacted] s 47E(d) [redacted] However, some programs are probably losing more s 47E(d) [redacted] annual funding specifically to serious and organised fraud. (O:S)

Criminal methodologies

8. **Serious and organised criminals are using sophisticated methodologies to target the sample programs.** These methodologies are designed to avoid fraud detection processes and can make it difficult to identify the groups and individuals involved in the fraud. These sophisticated methodologies can include establishing:

- criminal consultancies where criminals with expertise in specific programs advise other criminals on how to establish a network, conduct fraud, and minimise the risk of detection,
- associated businesses essential to enabling fraud, especially registered training organisations required to provide fraudulent training qualifications for certain roles in service providers,
- a franchise model where criminals centralise control of key aspects of a fraud and outsource remaining aspects of the fraud to other groups and individuals,
- relationships with community members who actively participate in fraud by providing their personal details to register as clients and receive benefit payments and subsidies. (O:S)

[redacted]

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AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION

CRIMINAL STRATEGIC ASSESSMENT

s 22(1)(a)(ii) [redacted]

SOC exploitation of the National Disability Insurance Scheme

Date: 18 March 2022

Reference: 22/22467

s 47E(d) [redacted]

Key judgements

- s 22(1)(a)(ii) [redacted]
- s 47E(d) [redacted] **it is highly likely that SOC groups are defrauding tens of millions of dollars from the scheme. (P)**
- s 22(1)(a)(ii) [redacted]
- [redacted]

Introduction

1. **Serious and organised crime (SOC) entities are exploiting systemic vulnerabilities to defraud the National Disability Insurance Scheme (NDIS).** The NDIS is a Commonwealth-funded program that provides more than A$22 billion in funding per year to Australians with a permanent and significant disability. The scheme funds a range of support services, from therapeutic support to daily personal activities and transport.[i] s 22(1)(a)(ii) [redacted]

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Context: How does the NDIS work? (O)

Eligible participants receive funding from the National Disability Insurance Agency (NDIA) once they have arranged their NDIS plan. Plans can be self-managed, which enables the participant to engage any support service they choose; plan-managed, where a participants engages an NDIS provider to provide plan management services or, agency-managed, which requires participants to receive support services through a NDIS registered provider only. (O)

Businesses that provide NDIS funded support services are referred to as NDIS providers. They can operate under 2 models:

- **Registered:** NDIS registered providers must undergo a screening process with the NDIS Quality and Safeguards Commission (NDIS Commission). To receive payment, they must claim from the NDIA directly.
- **Unregistered:** these providers are not registered with the NDIS. It is at the discretion of the participant whether they would like the provider to undergo worker screening. To receive payment, unregistered providers directly invoice the participant or the plan manager [iii] (O)

Assessment

2. **SOC groups are highly likely defrauding the NDIS of tens of millions of dollars.** s 47E(d) [redacted] s 47E(d) [redacted] Fraud syndicates operate on a spectrum of sophistication, and their successful defrauding of the NDIS can range anywhere from thousands to millions of dollars, with proven fraud often falling far below the actual fraud value. For example, one individual was arrested in September 2021 for defrauding the NDIS of over A$120,000,[iv] while a separate syndicate received in excess of A$10 million in funding before being disrupted in April 2021 s 47E(d) [redacted] s 47E(d) [redacted] s 47E(d) [redacted] 22(1)

3. s 22(1)(a)(ii) [redacted]

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SERIOUS AND ORGANISED CRIME RISK ASSESSMENT

2019

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CONTENTS

1 EXECUTIVE SUMMARY

s 22(1)(a)(ii)

48 Commonwealth-funded program fraud

s 22(1)(a)(ii)

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EXECUTIVE SUMMARY

s 22(1)(a)(ii)

[redacted]

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s 22(1)(a)(ii)

s 22(1)(a)(ii)

s 47E(d) [redacted]. Domestic serious and organised crime groups and entrepreneurial criminals are using relatively sophisticated methodologies to systematically defraud Commonwealth-funded programs. The scale of this activity highly likely totals well over a billion dollars a year with estimates expected to increase as we gain a better understanding of its extent. (O:S)

an Act

s 22(1)(a)(ii)

COMMONWEALTH-FUNDED PROGRAM FRAUD

s 47E(d)

Domestic serious and organised crime groups and entrepreneurial criminals are committing large-scale systematic fraud targeting several key Commonwealth-funded programs. s 47E(d) The scale of systematic serious and organised fraud targeting Commonwealth-funded programs s 47E(d) almost certainly totals well over a billion dollars a year s 47E(d)

s 47E(d)



x The programs included are the National Disability Insurance Scheme ($22b/year), aged care schemes ($17b/year), family day care ($8b/year), job active program ($1.4b/year), disability employment programs ($0.8b/year), vocational education and training loans and apprenticeship programs ($0.66b/year). (O:S)

s 47E(d)

[redacted]

SCOPE STATEMENT: SERIOUS AND ORGANISED FRAUD TARGETING OTHER LEVELS OF GOVERNMENT

State, territory and local government-funded programs and projects are at risk from serious and organised crime groups. Many of these programs share the same characteristics that make Commonwealth programs attractive targets s 47E(d)

[redacted]

s 47E(d)

[redacted]

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8 August 2022

TALKING POINTS

National Disability Insurance Scheme (NDIS) fraud – *60 Minutes* interview

These talking points have been drafted to support the CEO's participation in an interview with Nick McKenzie for a 60 Minutes program. The on-camera interview will be conducted on Monday 8 August. The interview will discuss the topic of organised criminals targeting the National Disability Insurance Scheme (NDIS), the role of the Australian Criminal Intelligence Commission (ACIC) in assessing the extent of the fraud, and how we work with our partners in government and law enforcement to combat this crime.

Key messages

- The Australian Criminal Intelligence Commission (ACIC) gathers intelligence on serious and organised criminals targeting Commonwealth-funded programs.
- The National Disability Insurance Scheme (NDIS) is one of the Commonwealth-funded programs being targeted, exploited and threatened by serious and organised criminals.
- At the ACIC we leverage our coercive powers to gather unique intelligence insights relating to NDIS fraud. This provides the opportunity to fill any gaps in knowledge or vulnerabilities targeted by serious and organised crime entities.
- While the scale of serious and organised fraud against the NDIS and other Commonwealth-funded programs is unknown, it is likely that criminal entities are defrauding a significant amount.
- For background, the Australian Institute of Criminology assessed that in 2020–21, serious and organised crime cost Australians $60.1 billion, with $9.4 billion attributed to organised fraud.
- Organised crime diverts funds from those who genuinely require it, and erodes the trust of the systems designed to support people with a disability.
- Methods used by operators across different programs to fraudulently claim benefits are consistent across multiple criminal groups. Professional facilitators, including criminally complicit

accountants and registered tax agents, are assisting serious and organised crime groups to defraud government programs and schemes.

- Operators use a range of methods of varying sophistication that work to exploit the systemic vulnerabilities to defraud these programs and schemes – targeting registration, compliance and payment processes.
- While some methods are simple to achieve, others require a high level of organisation, moderate knowledge of the processes and engagement with professional facilitators. Due to this, serious and organised crime entities likely employ multiple approaches at the same time to maximise profits.
- Serious and organised criminals in this space are also highly adaptable, with many engaging in preventative measures such as illegal phoenixing to support their criminal activity and boost their resilience against law enforcement.
- Targeting the NDIS and other Commonwealth-funded programs is often just one aspect of the serious and organised crime syndicates' criminal activity, with some syndicates also engaged in trafficking or manufacture of illicit drugs, and money laundering activities using the proceeds gained through fraud.
- The ACIC engages in multi-agency collaboration to address fraud vulnerabilities in all Commonwealth-funded programs, and deter serious and organise crime entities engaging in serious fraud.
- Serious and organised crime groups will continue to look for vulnerabilities in Commonwealth-funded programs in order to exploit the system.
- Our intelligence also ind cates that efforts to improve the processes and close some vulnerabilities within the programs may assist in detecting instances of fraud and contribute to the disruption of opportunistic criminals defrauding the scheme at small scale.
- Criminals engaged in these destructive activities should know that we are working tirelessly with our partners in law enforcement to disrupt their syndicates and ensure that any of the wrongfully gained proceeds are diverted to those in the community who genuinely need it.

DRAFTED BY	TITLE	DATE	RECORDED IN METADATA?
s 22(1)(a)(ii)	Communication Advisor	27/07/2022	YES

CLEARED BY	TITLE	DATE	RECORDED IN METADATA?
s 22(1)(a)(ii)	SME	04/08/2022	Yes
s 22(1)(a)(ii)	A/g Director Strategy, Communication and Reporting	05/08/2022	Yes

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s 22(1)(a)(ii)	NM Operational Strategy	N/A	N/A
Tom Hester	ED Intelligence Operations	05/08/2022	Yes
Matt Rippon	Deputy CEO Intelligence	05/08/2022	No
Michael Phelan APM	CEO		

MINISTER'S OFFICE / OTHER AGENCIES	FOR INFORMATION / CLEARANCE	DATE	COMMENTS
Attorney-General's Department	FOR INFORMATION	12/08/2022	

Record of amendment

VERSION NO.	NAME	TITLE	AMENDMENTS MADE	DATE

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