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]

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Key judgements

- Serious and organised criminals are targeting s 47E(d) [redacted] programs. s 47E(d) [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 billion dollars per year. (P)
- s 47E(d) [redacted]
- s 47E(d) [redacted]
- s 47E(d) [redacted]
- s 47E(d) [redacted]

s 47E(d) [redacted]

Introduction

1. **This assessment provides independent advice on serious and organised fraud targeting key Commonwealth-funded programs ('programs').** It discusses programs at risk of serious and organised fraud, the potential scale of the fraud, and criminal methodologies used in the fraud. s 47E(d) [redacted]

Context

2. **Serious and organised criminals[i] are actively targeting** s 47E(d) **programs.** s 47E(d) [redacted] s 47E(d) [redacted]

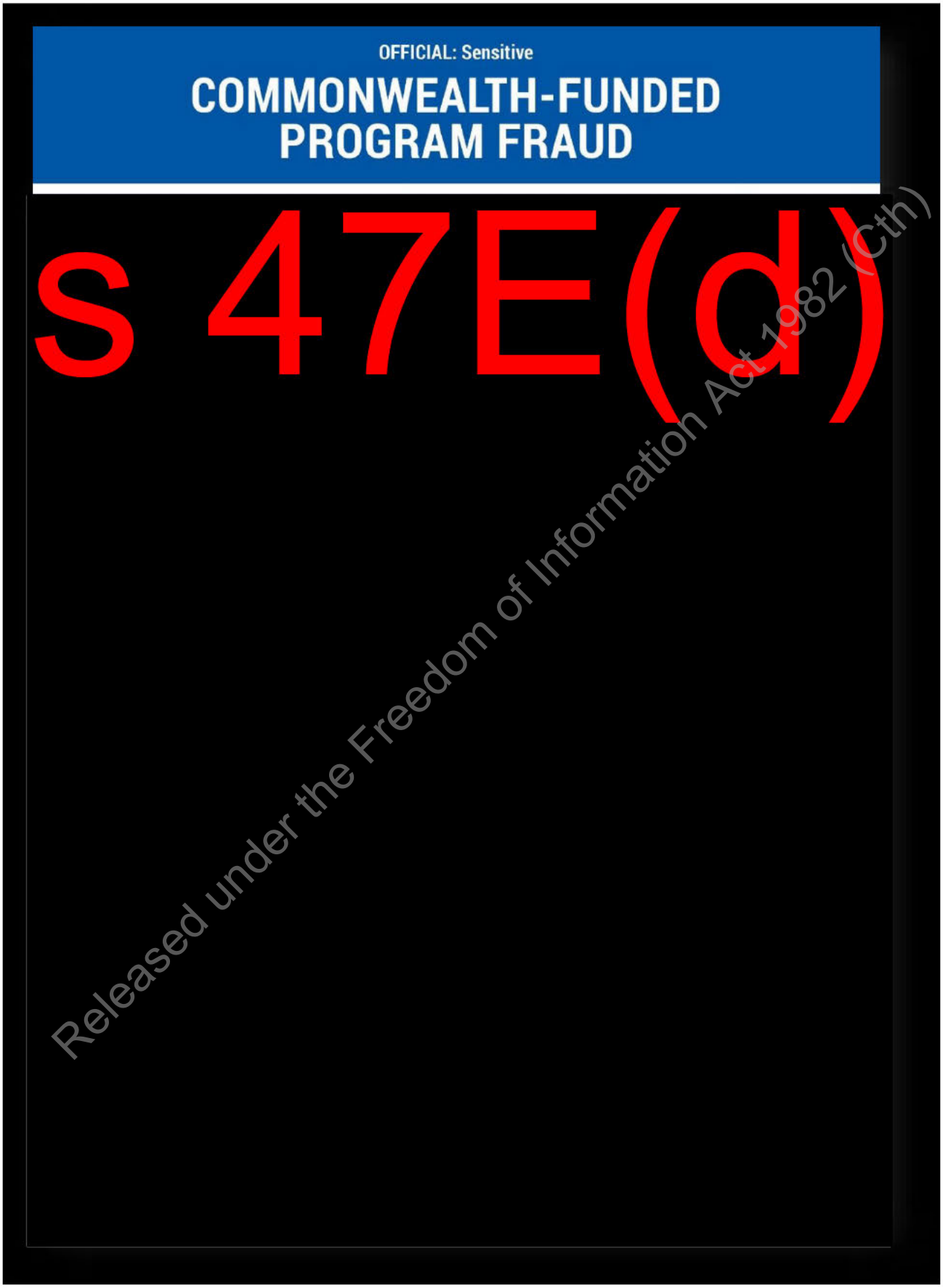
3. s 47E(d) [redacted]

4. s 47E(d) [redacted]

5. s 47E(d) [redacted] Serious and organised criminals could target these programs with a range of fraudulent activity s 47E(d) [redacted] Some of the insights in this assessment will also apply to these programs. [redacted]

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Figure 1. Commonwealth-funded program fraud (O:S)



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Scale

6. s 47E(d) [redacted]

7. **But, the overall losses to serious and organised fraud across all Commonwealth-funded programs** s 47E(d) **) 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] However, some programs are probably losing more s 47E(d) s 47E(d) of 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)

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

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- s 47E(d) [redacted]
- [redacted]
- [redacted]
- [redacted]

10. s 47E(d) [redacted]
    s 47E(d) [redacted]
    s 47E(d) [redacted]
    - [redacted]
    - [redacted]
    - [redacted]

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

s 47E(d) [redacted]

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

ACIC Comment: Relevance of systemic vulnerabilities to specific programs

This assessment discusses issues impacting multiple programs s 47E(d) [redacted] It does not discuss issues impacting individual programs or program agencies. Some of these issues in this assessment do not apply equally across all sample programs or may not apply to some individual sample programs. Program agencies are best placed to discuss how these issues apply to specific programs. [redacted]

s 47E(d), s 37(2)(b) [redacted]

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Strategies

13. s 47E(d) s 47E(d) s 47E(d)

[redacted]

s 47E(d)

Centralised capabilities

14. s 47E(d)

[redacted]

Each program is funded, administered, and overseen by its respective program agency. These agencies are responsible for their own intelligence, investigations, and compliance activities. In some cases, program agencies administer programs on behalf of other lead agencies. [redacted]

15. s 47E(d)

[redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

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Information

16. s 47E(d) [redacted]

17. s 47E(d) [redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]

18. s 47E(d) [redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

Information collection and management

19. s 47E(d) [redacted]

- [redacted]

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- s 47E(d)

Program processes

20. s 47E(d)

21. s 47E(d)

Investigations, intelligence, and compliance

22. s 47E(d)

23. s 47E(d)

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24. s 47E(d) [redacted]

25. s 47E(d) [redacted]

26. s 47E(d) [redacted]

27. s 47E(d) [redacted]

- [redacted]
- [redacted]
- [redacted]

Opportunities

Strategy

28. s 47E(d) [redacted]

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29. s 47E(d) [redacted]

Capabilities

30. **A joint program task force would significantly enhance efforts to identify, understand, prevent, and respond to serious and organised fraud targeting multiple programs.** s 47E(d) [redacted]

31. s 47E(d) [redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

Intelligence

32. s 47E(d) [redacted]

. s 47E(d) [redacted]

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Information sharing

33. s 47E(d) [redacted]

34 s 47E(d) [redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

[redacted]

35. s 47E(d) [redacted]

Program processes

36. s 47E(d) [redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

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- s 47E(d) [redacted]

s 47E(d) [redacted]

37. s 47E(d) [redacted]

38. s 47E(d) [redacted] The s 47E(d) [redacted] activity could involve revoking funding approvals, de-registering businesses and individuals, issuing Commonwealth debt notices, conducting taxation assessments, and referring service providers to state and territory regulators. It could also include referrals to law enforcement agencies for those groups that reach the threshold for complex criminal investigations and proceeds of crime or unexplained wealth activity. [redacted]

Review

39. s 47E(d) [redacted]

s 47E(d) [redacted]

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Threat and harms descriptors

Threat descriptors

s 47E(d)

s 47E(d)

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Endnotes

[i] 'Serious and organised criminals' are those criminals conducting criminal activity meeting the definition contained in the Australian Criminal Intelligence Commission (ACIC) legislation (*Australian Crime Commission Act 2002 (Cth)*). This defines serious and organised crime as criminal activity involving two or more offenders, substantial planning and organisation, sophisticated methods and techniques, and ordinarily committed in conjunction with other serious offences (e.g. money laundering). (O)

[ii] s 47E(d) [redacted]. The ACIC acknowledges that these programs involve a wide range of services. Some of the services will not involve the characteristics that this assessment highlights as being attractive for serious and organised fraud. s 47E(d) [redacted] s 47E(d) [redacted]

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