

**AFP**

Monday, 16 October 2023

Committee Secretariat
Select Committee on the Perth Mint and Commonwealth regulatory compliance
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretariat,

Thank you for the opportunity to provide a submission to the Senate Select Committee on the Perth Mint and Commonwealth Regulatory Compliance. Whilst the Australian Federal Police (AFP) was dismissed from appearing at the Public Hearing on 10 August 2023, we want to ensure that we provide the Committee with an overview of our work combatting economic crime and the AFP's role in criminal asset confiscation.

The AFP plays a key role in whole of government efforts to detect, disrupt and respond to serious and complex fraud. The AFP is responsible for investigating serious and complex fraud, and has a Command dedicated to detecting, preventing and deterring fraud, bribery and corruption crimes.

A key AFP strategy to combat serious and organised crime is removing the profit from crime and preventing its reinvestment in further criminal enterprise. The Criminal Assets Confiscation Taskforce (CACT) is a multi-agency taskforce with primary responsibility for the investigation and litigation of Commonwealth proceeds of crime matters. The CACT was established in 2011, as part of the Federal Government's commitment to enhance the identification of potential criminal assets and strengthen the framework in pursuit of asset recovery. By confiscating assets gained through criminal activities, the CACT diverts money out of the criminal economy and into initiatives that strengthen the safety of the Australian community. The AFP's strategy ensures offenders do not come home to enjoy their criminal wealth, property portfolios, cars, boats and jewellery that have been accumulated by illicit money and means.

The CACT's model of Australia-wide, co-located teams of police, litigation lawyers, financial investigators, forensic accountants and partner agency specialists is world-leading as a model for criminal assets confiscation. The AFP works closely with our international partners and shares intelligence to ensure that all members of money laundering organisations are held accountable for their actions.

Money laundering remains the life force of organised crime. The AFP works closely with its international counterparts to pursue those involved in money laundering activities both domestically and internationally.

- The AFP participates in the Five Eyes Law Enforcement Group's Money Laundering Communities of Practice, which brings to together senior law enforcement leaders and subject matter experts to share intelligence and cooperate on international operations.
- The AFP leverages its extensive international network to forge strong bilateral relationships with other countries, which allows the AFP, through mutual legal assistance mechanisms, to request local police to arrest money launderers and begin the process of extradition to Australia to face prosecution.

- The AFP is involved in several multi-agency, domestic taskforces and working groups, intended to better inform law enforcement on the scope of money laundering nationally. These groups are designed to build capacity and capability across Commonwealth and state/territory law enforcement through joint resource and information sharing.

Our focus is to take the profit out of crime to starve criminals of their benefits and cut off their income stream through confiscating criminal proceeds to ensure that criminals do not benefit from their ill-gotten gains or reinvest their illicit wealth into further criminal activity. Operationally, the AFP is also targeting money laundering organisations (MLOs), serious self-laundering syndicates, professional enablers and criminal clients through the enterprise-wide Taskforce AVARUS.

Taskforce AVARUS was launched on 17 March 2023 to target Australian and offshore money laundering organisations and other criminal groups dealing with illicit funds and property. The AFP led Taskforce comprises members of partner agencies including Australian Transaction Reports and Analysis Centre, the Australian Criminal Intelligence Commission and the Australian Border Force.

As at 9 August 2023, AFP investigative resources dedicated to Taskforce AVARUS have:

- Executed 171 search warrants;
- Arrested 42 people; and
- Deprived criminal groups of more than \$250 million in cash and assets.

The proceeds of assets confiscated by the CACT, realised by the Official Trustee, are placed into the Confiscated Assets Account (CAA), a specific account created for this purpose under section 295 of the *Proceeds of Crime Act 2002* (Cth) (POCA) and managed by the Australian Financial Security Authority. Under section 298 of the POCA, those funds may then be approved for expenditure by the Attorney-General to benefit the community, through programs for crime prevention, law enforcement, treatment of drug addiction and drug diversion measures.

Funding from the CAA assists the AFP in meeting emerging priorities and pilot innovative ways of working, with some projects demonstrating ongoing value and receiving Budget appropriations following the completion of the POCA funded project. There are currently 11 AFP-sponsored projects funded from the CAA, with total funding of \$39.6 million allocated to these projects. Some of the programs that have been funded out of the CAA include:

- The Fraud and Anti-Corruption Centre
- The National DNA Program for Unidentified and Missing Persons
- The Child Exploitation Material Management System (AVID)
- Joint Taskforces and support to regional partners to combat drug manufacturing and trafficking, and
- The Artificial Intelligence for Law Enforcement and Community Safety (AiLECS) Lab.

Notably, between 1 July 2022 and 30 June 2023 the CACT restrained approximately \$352 million in criminal assets.

The AFP also works closely with partner agencies as part of a collaborative and multi-agency approach to combatting fraud, bribery and corruption and is a key member on a number of Taskforces, including:

- the Serious Financial Crime Taskforce, a joint agency taskforce led by the Australian Taxation Office that brings together the knowledge, resources and experience of relevant law enforcement and regulatory agencies to identify and address the most serious and complex forms of financial crime, and
- the Fraud Fusion Taskforce, established to strengthen the Commonwealth's fraud detection and response capability across key government services, with a focus on the National Disability Insurance Scheme.

The AFP is the lead investigative agency for foreign bribery and works closely with regulatory agencies such as the Australian Security and Investments Commission to combat foreign bribery in corporate Australia. The AFP has established a public-private partnership in the Bribery Prevention Network, hosted by Global Compact Network Australia, which brings together business, civil society, academia and government with a shared goal of supporting Australian business to prevent, detect and address bribery and corruption, and promote a culture of compliance. The AFP will also play a key role in supporting the newly established National Anti-Corruption Commission.

The AFP also continues to work closely with the Attorney-General's Department (AGD) on proposed reforms to the Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) regime and was consulted on the development of the public consultation paper.

The AFP strongly supports reforms that will help harden Designated Non-Financial Businesses and Professions (DNFBPs) and reduce the risk they will be exploited to facilitate money-laundering and terrorism financing.

Expanding Australia's AML/CTF regime to capture DNFBPs would reflect the importance of these professions and the valuable services they provide, as well as harden Australia's AML/CTF environment and provide critical intelligence for law enforcement.

The AFP expects that these reforms will significantly enhance the AFP's ability to detect, investigate and prosecute serious and organised criminals for money laundering offences, and to confiscate associated proceeds and instruments of crime.

The AFP is committed to protecting the community through responding to, and preventing crime. I would be happy to provide the Committee with a private briefing on the work the AFP is doing to combat economic crime and the role we play in criminal assets confiscation. The AFP is available to appear before the Committee should another hearing date be scheduled.

I trust that this information is of assistance.

Yours sincerely,



Grant Nicholls
Acting Deputy Commissioner Crime