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CHIEF EXECUTIVE

Our Ref: 14/37991

Ms Sophie Dunstone
Committee Secretary
Legal and Constitutional Affairs Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

via email to: legcon.sen@aph.gov.au

Dear Ms Dunstone

Inquiry into the Crimes Legislation Amendment (Unexplained Wealth and Other Measures) Bill 2014

I write to you in response to your correspondence dated 12 March 2014, inviting the Australian Crime Commission (ACC) to make a submission to the Legal and Constitutional Affairs Legislation Committee's inquiry into the *Crimes Legislation Amendment (Unexplained Wealth and Other Measures) Bill 2014* (the Bill). The ACC welcomes the opportunity to engage with the Committee on this matter.

The ACC strongly supports the Bill as a further step forward in the response to serious and organised criminal activity. The pursuit of money has always been central to organised crime activities. Illicit wealth is the primary driver of most organised crime ventures and proceeds of crime are often used to fund further criminal activities. To counter this threat, it is essential that law enforcement has the resources and tools necessary to target illicit wealth. The improvements that will be enacted by the Bill will enhance law enforcement's ability to target the lifeblood of serious and organised crime in Australia, thereby impacting on the criminal economy.

Organised crime is an issue of global significance. Globalisation and rapid technological development have had a profound impact on the global nature of organised crime, which capitalises on these opportunities to facilitate international partnerships and activities. Organised crime is no longer restrained by global borders, jurisdictions or nationalities. Organised crime as it affects Australia is inextricably linked to international organised crime, and international crime groups are actively targeting Australian citizens. Globally, there have also been studies into the profit of organised crime with the United Nations Office on Drugs and Crime indicating that serious and organised crime profits are estimated to be at least US \$870 billion globally.

The ACC conservatively estimates that organised crime costs Australia at least \$15 billion annually. What is difficult to assess is the size and scope of the black market or shadow economy which represents money that cannot be otherwise accounted for within the Australian economy. It is this money that gives criminals an unfair advantage over legitimate business. This includes billions of dollars that are likely to have been laundered overseas by serious and organised criminals.

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Developments in technology and global commerce have resulted in a convergence of multiple crime types. As a result, historic distinctions between crime types, criminal methodologies, and investigative techniques are no longer clear. Increasingly, the investigation of financial crimes and unexplained wealth is proving critical to the investigation of a range of predicate offences, including the distribution and sale of illicit commodities, smuggling of migrants and corruption. Further, the illicit acquisition of wealth is no longer impeded by borders or jurisdictions. Technology and the evolution of criminal methodologies means illicit wealth can be concealed—and financial crimes conducted—across these borders more easily than in the past.

Organised crime groups rely on money laundering as a way of legitimising or hiding the proceeds of crime. The ACC assesses that money laundering is an intrinsic enabler of 19 of the 22 criminal markets analysed by the ACC in its 2012 Organised Crime Threat Assessment. Money laundering is a pervasive, corrupting process that stretches across areas as diverse as mainstream banking, international funds transfers and foreign exchange services, gambling, shares and stocks, artwork, jewellery, and real estate. Money laundering is carried out at all levels of sophistication by most, if not all, organised crime groups, increasingly with the assistance of professional advisers, and using an evolving variety of techniques. When undertaken effectively, money laundering can severely frustrate law enforcement's ability to establish a link between the proceeds of crime and a predicate criminal offence (such as drug manufacturing, importation, and/or distribution). This is further frustrated by the ability for many key organised crime targets to distance themselves, or insulate themselves, from the commission of crimes, while continuing to profit from criminal activities that cause significant harm to Australia, its economy, and its citizens.

Money laundering threatens Australia's prosperity, undermines the integrity of our financial system and funds further criminal activity that harms community safety and wellbeing. As a result of this, the ACC and partner law enforcement and regulatory agencies are working together to discover, understand, and respond to money laundering in Australia. The amendments to the Commonwealth's unexplained wealth regime will enhance law enforcement's ability to counter money laundering by strengthening its ability to collect pertinent evidence and secure payment of an unexplained wealth order, and by preventing the use of restrained assets by defendants to meet legal expenses.

If the Bill is enacted, the ACC will support efforts to identify and seize unexplainable assets and proceeds of crime through the provision of unique intelligence collection and investigative capabilities. The ACC's leads generation program, which harnesses complex national fusion analytics to identify anomalous financial activities, coupled with a range of strategic and operational intelligence assessments, will assist the AFP and the Criminal Assets Confiscation Taskforce to disrupt serious and organised crime groups engaging in complex money laundering activities. Enactment of the Bill will also strengthen the Commonwealth's ability to target the profit motives of organised crime. Removing the profits of serious and organised crime in Australia is one key step towards making Australia a less attractive market for domestic and global organised crime groups.

The ACC is supportive of the Bill and commends it to the Committee. Should your office wish to discuss this matter in further detail, please have them contact Mr Hamish Hansford, Acting National Manager, Strategic Intelligence and Strategy on (02) 6243 6852 or via email to Hamish.Hansford@crimecommission.gov.au.

Yours sincerely

Paul Jevtovic APM
Ag Chief Executive Officer

April 2014