

ANNUAL REPORT 2001–02



Australian Federal Police

— To fight crime together and win —

In April 2002, Commissioner Mick Keelty launched the new vision statement for the Australian Federal Police –

To fight crime together and win.

Commissioner Keelty noted that including the word 'together' in the new vision statement highlighted the AFP's cooperative approach to law enforcement partnerships in an effort to fight crime more effectively.

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25 September 2002
Senator the Hon Chris Ellison
Minister for Justice and Customs
Parliament House
Canberra ACT 2600

Dear Minister

In accordance with section 67 of the *Australian Federal Police Act 1979* I am pleased to submit the Australian Federal Police Annual Report for the year 1 July 2001 to 30 June 2002.

The report has been prepared in accordance with the guidelines issued by the Department of Prime Minister and Cabinet.

I am satisfied that a comprehensive fraud and corruption risk assessment has been completed and is the basis of the *2002–03 AFP Fraud Control and Anti-Corruption Plan*. The plan sets out fraud and corruption prevention, detection, investigation and reporting procedures and processes. Annual agency fraud data has also been collected and reported to the Attorney General's Department consistent with the requirements of the *Commonwealth Fraud Control Guidelines*.

I would like to acknowledge the professional efforts and dedication of the AFP's members in meeting the law enforcement and counter-terrorist challenges that have presented themselves to us during 2001–02 and their efforts in responding to events that have significantly reshaped the law enforcement environment.



M J Keely

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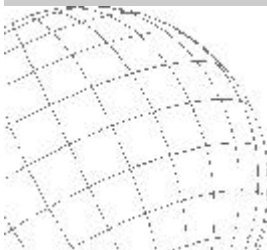
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CHAPTER 1

INTRODUCTION

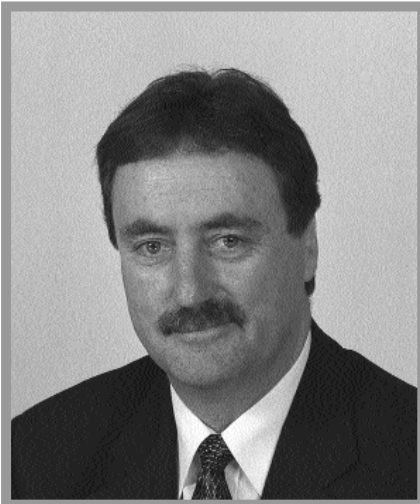


The Australian Federal Police (AFP) is one of only a few police organisations worldwide that is able to closely identify what people, resources and costs are associated with various forms of operational activity.



1.1 Executive Review

By Commissioner Mick Keelty



Commissioner Mick Keelty

The AFP's wide range of activities in Australia and overseas demands a high level of commitment from its employees and has required the AFP to initiate the organisational change that has taken place during the past decade. The AFP is one of only a few police organisations worldwide that is able to closely identify what people, resources and costs are associated with various forms of operational activity. Its planning closely aligns performance-oriented strategies, implemented at various levels, to meet flexibility in desired outcomes that may change in either the short or long term.

It was this level of adaptability that enabled the AFP to react quickly to Australia's heightened security needs following the 11 September 2001 terrorist attacks in the United States (US). The impact was almost immediate on Australian security and law enforcement and created the need to engage in additional protection activities, investigations in support of US authorities as well as intelligence gathering and investigation of related matters under Australian law.

The AFP's flexible teams-based structure was instrumental in allowing it to redirect its resources swiftly to emerging higher priorities, while continuing routine investigations. To achieve this, a more rigorous criminal targeting regime was introduced to complement a reassessment of priorities. While this approach met urgent demands placed on the AFP, it was a situation that was unsustainable for an extended period of time. Recognition of this fact came with an increased resource allocation in the 2002–03 Federal Budget.

During 2001–02, the AFP continued to implement a comprehensive business planning and performance improvement framework, with the key objective of delivering better services to clients. In service delivery, the AFP sought to ensure that it balanced the needs and expectations of its clients with the demands of government in a dynamic law enforcement environment.

The AFP has continued to develop service agreements with key clients, with five in place and a further two under negotiation. It has further enhanced its Performance Improvement Plans to incorporate specific improvements in service delivery identified through a second national independent Client Satisfaction Survey. To reinforce executive support for

service delivery throughout the AFP, the Business Activity Analysis (BAA) – a form of operational review introduced in the last reporting period – has been further augmented and expanded. The BAA involves a critical examination of the manner in which the AFP's business units go about delivering services, satisfying client demands and progressing performance improvement plans. The outcomes of BAAs include targeted improvements in service delivery and identification of best practice for implementation across the AFP. In seeking to improve its operational performance, the AFP has benchmarked itself against Australian and international law enforcement agencies and the private sector in both drug and fraud investigations and in its performance evaluation processes.

Compounding the re-allocation of human resources to matters associated with *September 11*, were the commitments associated with the security arrangements for the Commonwealth Heads of Government Meeting (CHOGM) at Coolom, Queensland, in March 2002 – an event originally scheduled for October 2001. CHOGM was regarded as a highly successful meeting with no major security incidents.

During 2001–02, the AFP along with partner agencies continued to play a major role in the fight against illicit drugs. The AFP has seen another year of significant seizures and the dismantling of syndicates involved in drug trafficking (see Chapter 2). This activity has contributed to a heroin shortage – a situation unique to Australia during the past two years and recognised by the United Nations Drug Commission in March, 2002.

Another high priority area associated with transnational criminal groups is people smuggling. During 2001–02 the AFP, again working in collaboration with partner agencies, both in Australia and overseas, targeted a number of significant figures in people-smuggling syndicates. These people have either been arrested, or if outside Australian jurisdiction, their operations disrupted in some way through cooperation with overseas law enforcement agencies, such as deportation.

During 2001–02, work began on developing a new Certified Agreement that will provide the AFP's human resource framework for the next three years. The previous Certified Agreement introduced far-reaching reforms in relation to terms and conditions, however, some measures have proved impractical in terms of administration and have not been effective in addressing specific working conditions. The current Certified Agreement provided a solid foundation on which the new agreement would be based. Another major staffing initiative during 2001–02 was the conduct of a staff survey. The survey identified several areas in which the organisation was performing well, and just as importantly, it identified other areas where improvements need to be made to management practices. The survey delivered a benchmark for strategy development and action and senior executives are held personally accountable for its implementation.

In the Australian Capital Territory (ACT), where the AFP provides community policing services by agreement with the ACT Government,

crime statistics comparing rates of victimisation across Australia indicate that the ACT has one of the lowest rates of reported assault, kidnapping and murder. The ACT remains one of the safest places to live and work. The ACT also records below average levels of crimes against the community, including burglary, theft, and armed robbery. A decrease in motor vehicle theft also took place during the reporting period.

Outlook

During 2001–02 and following *September 11*, the AFP conducted an environmental scan to support planning activities, including the next iteration of the AFP's corporate planning processes, and to identify key developments in its operating environment.

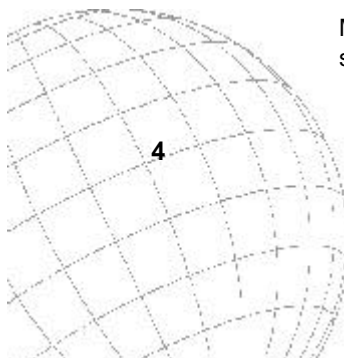
By any measure, prior to *September 11*, the law enforcement terrain for the AFP looked recognisable and reasonably well defined for up to two years ahead. After *September 11*, the key features of the AFP's new landscape for the short-to-medium term will flow from:

- changes yet to be manifested in the global law enforcement environment resulting from the shock of *September 11* on key global forces that shape the environment;
- changes in the AFP's role and responsibilities flowing from *September 11*, not all of which are fully known or defined;
- developments relating to the AFP's traditional businesses that are unrelated to *September 11*; and
- the dynamic relationship between the above three sets of changes.

The dominant issue by far for the AFP will be making the transition to an organisation redefined by its increased role in all aspects of counter-terrorism. This will impact directly or indirectly on all facets of the AFP and interact with other significant issues generated by the organisation's traditional businesses.

The AFP is in the process of evolving into a substantially different organisation to what it has been. This reflects, in part, the incorporation of the Australian Protective Service (APS) as an operating division of the AFP from 1 July 2002. In addition, during the next 12 months, the AFP will have considerably enhanced roles and responsibilities, stronger legislative support to carry out its functions, and changed relationships with key Commonwealth and State partners and clients, arising from decisions flowing from the Special Leaders' Summit on Transnational Crime and Terrorism, including the decision to establish the Australian Crime Commission and for it to be operational by the end of 2002.

Making this transition is the key strategic issue for the AFP. It will present substantial internal and external change management issues (see



Responses to the Changing Environment on page 22). They will be complicated by the fact that the role and responsibility adjustments, such as an enhanced protection and counter-terrorism role, are in a direction that neither the AFP nor some key partners and clients were contemplating prior to *September 11*.

During the first quarter of 2002–03 a key area of AFP focus will be determining in detail how government adjustments to the AFP's strategic directions are to be implemented.

Government has high performance expectations of the AFP and this is reflected through substantial support for the AFP Reform Program and record new measures funding of an additional \$398 million over four years in the 2002–03 Federal Budget. With this support comes even greater obligations on the AFP to achieve the strategic outcomes expected by the Government. The combination of the Government's performance expectations and the landscape the AFP is facing, makes its environment over the next 12 months arguably more challenging than at any time during the AFP's history. However, the AFP is also as well placed as it has ever been to meet those challenges.

Legislative initiatives (including the *Measures to Combat Serious and Organised Crime Act 2001*, *Proceeds of Crime Bill 2002* and *Cybercrime Act 2001*) put before parliament during the reporting period, promise a set of new law enforcement tools that have the potential to enhance the AFP's law enforcement capabilities. These new tools are likely to combine in ways that will substantially alter how the AFP conducts its business and, in particular, its risk treatment model. This includes the setting and monitoring of outcomes and outputs and the more detailed areas of targeting, resource allocations, investigative methodologies and nature of the interaction with elements of the judicial system.

The Crime Environment

Geo-political instability will continue to present opportunities for increasingly sophisticated and technologically advanced transnational crime as well as generating demands for peacekeeping/peace monitoring services.

Organised crime, including people smuggling, will remain a high priority for the AFP. In February 2002, Prime Minister John Howard announced that Australia would help the Indonesian National Police (INP) to patrol the thousands of kilometres of Indonesian coastline serving as havens for people smugglers. In the 2002–03 Budget, an additional \$1.5 million over four years will be provided to the AFP for five boats for use by small units within the INP. These boats will patrol extensive areas within Indonesian waters in order to prevent illegal immigrants leaving Indonesia.

The current heroin shortage in Australia provides an unparalleled opportunity for insight into the characteristics of the Australian heroin and broader illicit drugs market. The shortage supports the value of pursuing drug supply reduction strategies. The AFP has linked into research with

the academic community to examine the systems at work and quantify the benefits from reduced supply, which will be an important influence on the broad illicit drugs policy debate.

Increased certainty about the harm from amphetamine-type stimulants (ATS) use, an expanding market in Australia, partly attributed to the heroin shortage, and the involvement of organised crime, is likely to impact on AFP priorities and resource allocations.

Electronic-crime (e-crime) will continue to be a prominent and significant emerging issue, as will associated identity fraud. Strategy development, including the Commonwealth State e-crime arrangements, will remain crucial, as will the extent of the AFP's e-crime capabilities.

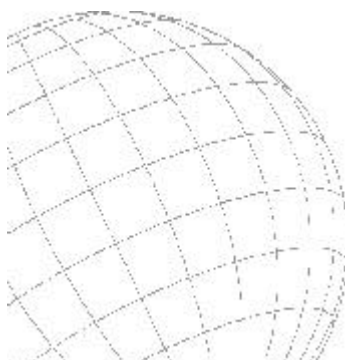
Increased Government funding will allow an additional 16 AFP officers to be strategically placed overseas. This will enhance cooperation with overseas law enforcement agencies and increase the flow of intelligence information on activities that may impact adversely on Australian interests. This increased presence represents a major enhancement of one of the AFP's key strategic assets and will also enhance the AFP's role in negotiating and developing relevant global, regional and bilateral law enforcement arrangements.

The Internal Environment

A significant challenge, especially in the areas of change management, organisational culture, and industrial relations, was generated by the transfer of the APS to the AFP. Under the *Australian Protective Service Amendment Act 2002* responsibility for the management of the APS transferred from the Secretary of the Attorney-General's Department (AGD) to the AFP Commissioner. All references in the *Australian Protective Service Act 1987* to the Secretary were replaced by references to the (AFP) Commissioner. The Bill took effect as of 1 July 2002.

As a result of the widening role envisaged by the Government and some demographic factors within the AFP's workforce, a major challenge facing the organisation is the need to recruit in large numbers to meet organisational requirements. In line with other public sector agencies, the AFP needs not only to recruit suitable employees, but also to provide the sort of challenging work environment that will retain their skills, as policing, like other vocations, is no longer seen as a lifetime career.

The application of ongoing efficiency dividends and its consequent impact on the AFP's overall budget meant that the AFP did not recruit sufficient numbers in past years. This has resulted in the AFP now having an arguably large proportion of relatively new members. This is somewhat balanced by the older average age (28 years) and broader life experience of people now entering the AFP. The challenge for management is to provide appropriate mentoring arrangements and support for these new members.



1.2 Overview of the AFP

The AFP's role as a national and international law enforcement agency is to focus on investigating crimes against the Commonwealth, and undertaking a community policing role in the ACT and Australia's external territories.

The AFP investigates and enforces laws in relation to terrorism, drug trafficking, fraud against Government revenue and expenditure, other forms of organised crime such as money laundering and people smuggling, high tech crime and politically sensitive matters including corruption, amongst other things. The provision of witness protection services and close personal protection to Very Important Persons (VIPs) are also responsibilities of the AFP.

The AFP provides the Australian National Central Bureau (NCB) for the International Criminal Police Organisation, Interpol. The NCB represents all Australian police services and provides a direct link with the 179 member countries of Interpol.

In its mission to provide dynamic and effective law enforcement to the people of Australia, the AFP works in partnership with state and territory police services, government agencies and international law enforcement agencies. In particular, the AFP has a strategic alliance with the National Crime Authority (NCA) and close links with the Australian Transaction Reports and Analysis Centre (AUSTRAC) and the Australian Customs Service (Customs).

In April 2002, the Commissioner launched the AFP's new vision statement – *To fight crime together and win*. In launching the statement, the Commissioner noted that the addition of the word *together* highlighted the AFP's partnerships within the organisation and with the AFP's external stakeholders. It also reflected the need to look after each other's interests. The AFP's 3,050 employees are all working to achieve this vision regardless of their location. AFP members are located in Australian capital cities with smaller offices located in Cairns, Coffs Harbour, the Gold Coast, Newcastle and Townsville, or as resident agents in Broome, Port Hedland and Thursday Island. Additionally, AFP has members providing policing services in Australia's external territories, and internationally the AFP is represented in 23 countries by liaison officers and on peacekeeping or peace monitoring missions.

The AFP Commissioner Mick Keelty heads the organisation and works with the Executive Team in overseeing the organisation. The AFP's executive and managerial structure is depicted at Chart 1 on page 9 with further details given in Chapter 4. The AFP organisation chart appears on pages 10 and 11.

Ministerial Direction

Section 37 (2) of the *Australian Federal Police Act 1979* empowers the Minister for Justice and Customs to direct the general policy pursued by the AFP in performing its functions. Operationally, the current Ministerial Direction which was signed on 25 February 1999, focuses the AFP on:

- countering and otherwise investigating illicit drug trafficking, organised crime, serious fraud against the Commonwealth, money laundering and the interception of assets involved in or derived from these activities;
- investigating special references and performing special taskings from the Government;
- providing an effective contribution to the implementation of the Government's *Tough on Drugs* strategy; and

- continuing to develop a capacity to deal with new forms of criminal activity requiring special attention to investigate economic crime, in all its forms, transnational crime and crime involving information technology and communications (including electronic commerce).

A supplementary Ministerial Direction issued on 27 September 2000 expects the AFP to give special emphasis to:

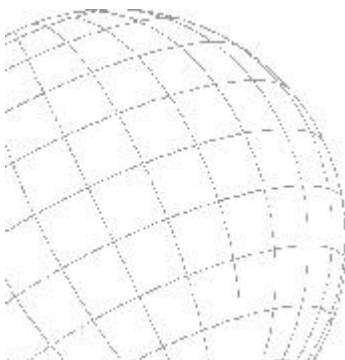
- countering and otherwise investigating organised people smuggling; and
- providing an effective contribution to the whole-of-government approach to unauthorised arrivals.

1.3 Overview of reporting structure

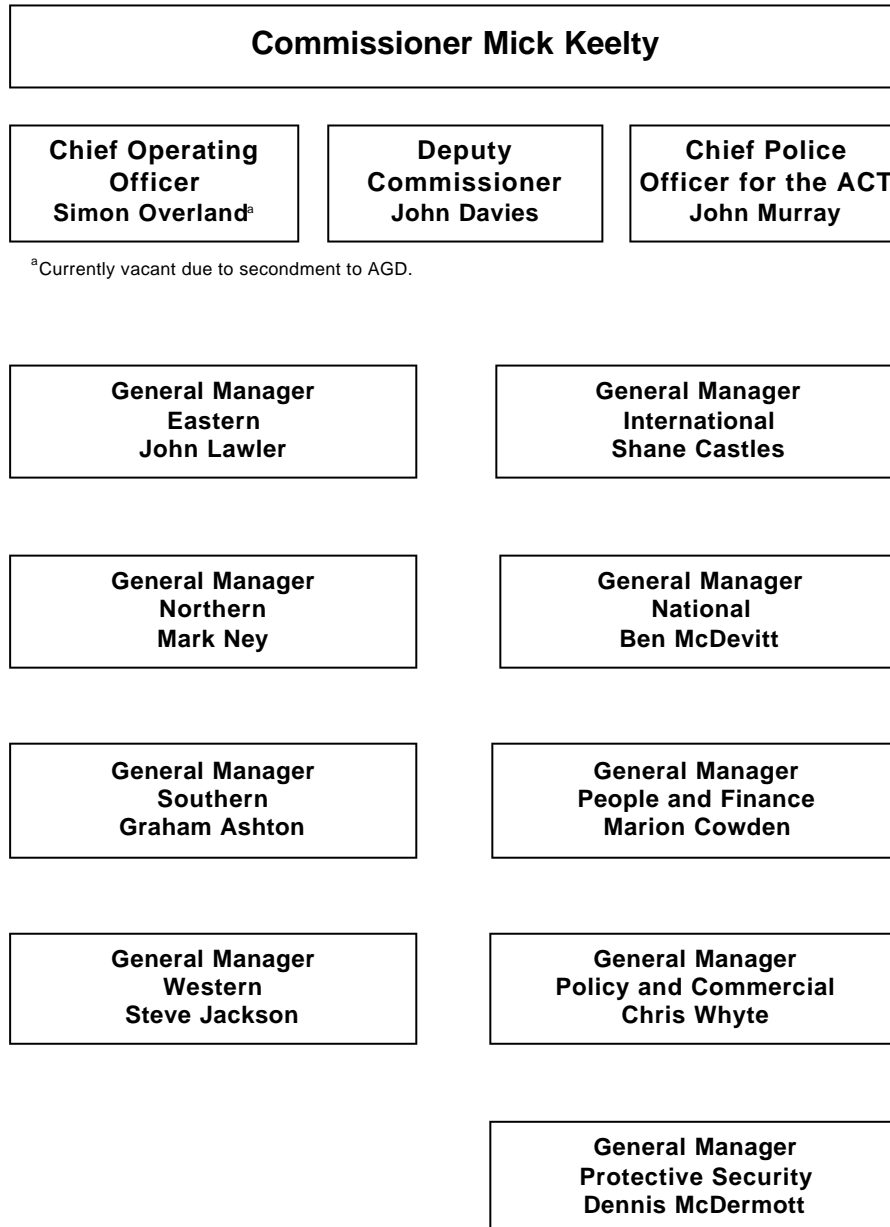
The AFP has a two-outcome structure that aligns its dual roles of providing policing services to the Commonwealth and to the ACT governments. This aligns business and accountability to both governments avoiding duplication of reporting and enhancing scrutiny by parliament and the ACT Legislative Assembly.

Under this outcome structure, Outcome 1 has a national and international focus on the prevention of crime against the Commonwealth and the protection of Commonwealth interests in Australia and overseas. Outcome 2 relates to the creation of a safe and secure environment in the ACT through the provision of community policing services.

The outcome structure is illustrated on page 12.



Executive Team



^aCurrently vacant due to secondment to AGD.

Chart 1: The AFP's executive and managerial structure at 30 June 2002.

Organisation Chart

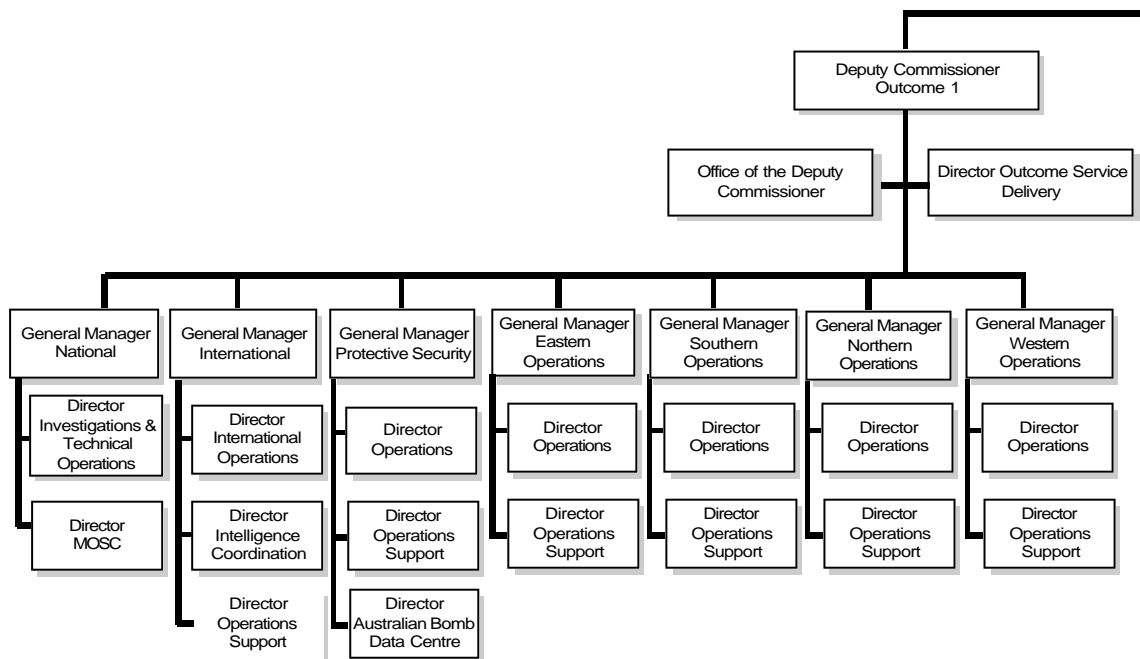
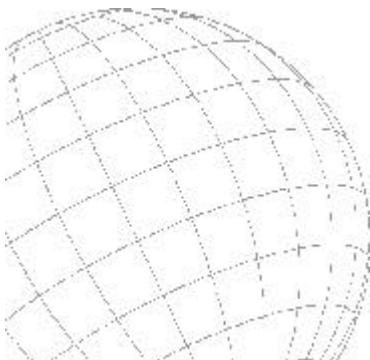
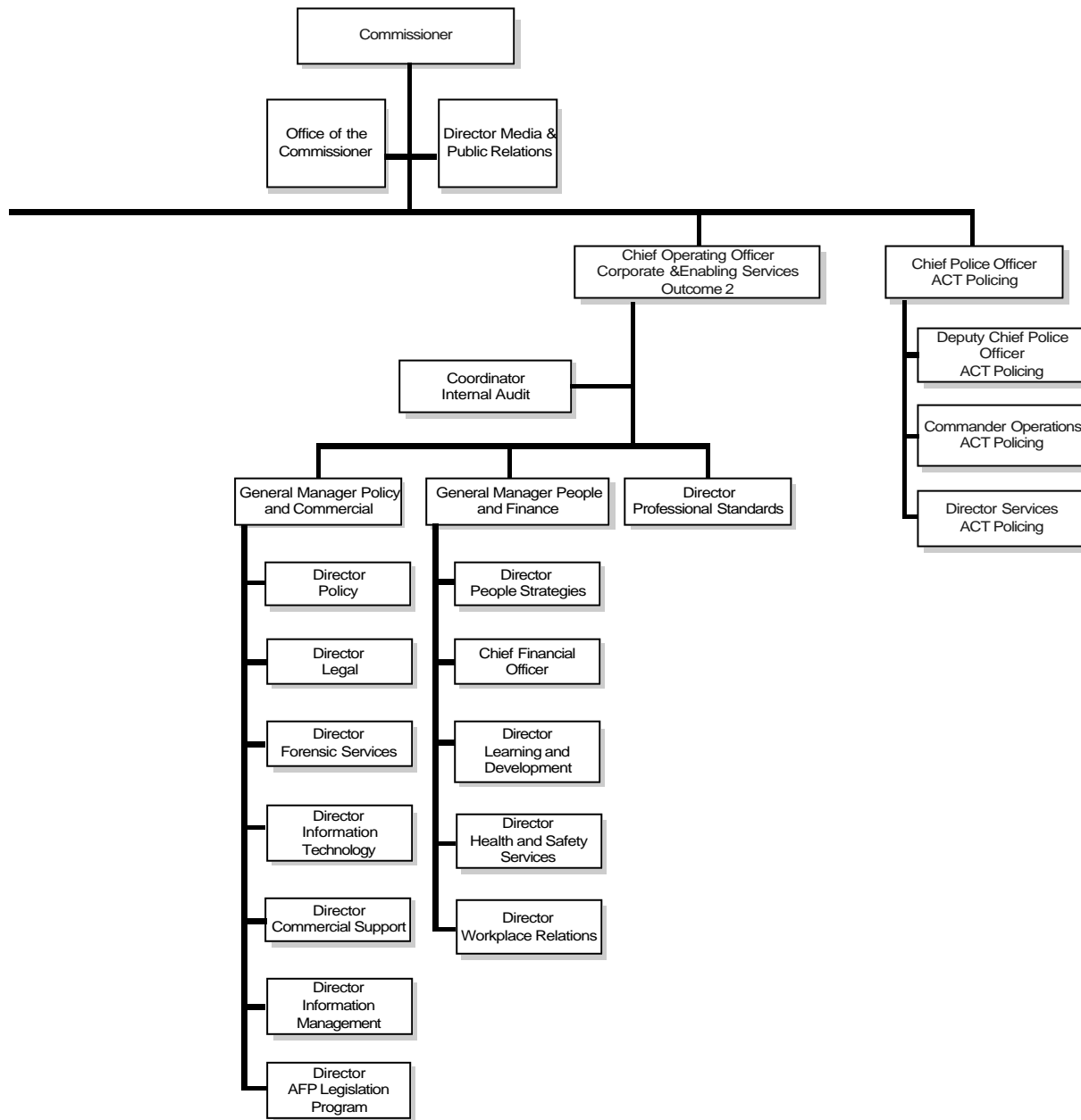


Chart 2: The AFP's organisation chart at 30 June 2002.





Outcomes and Outputs

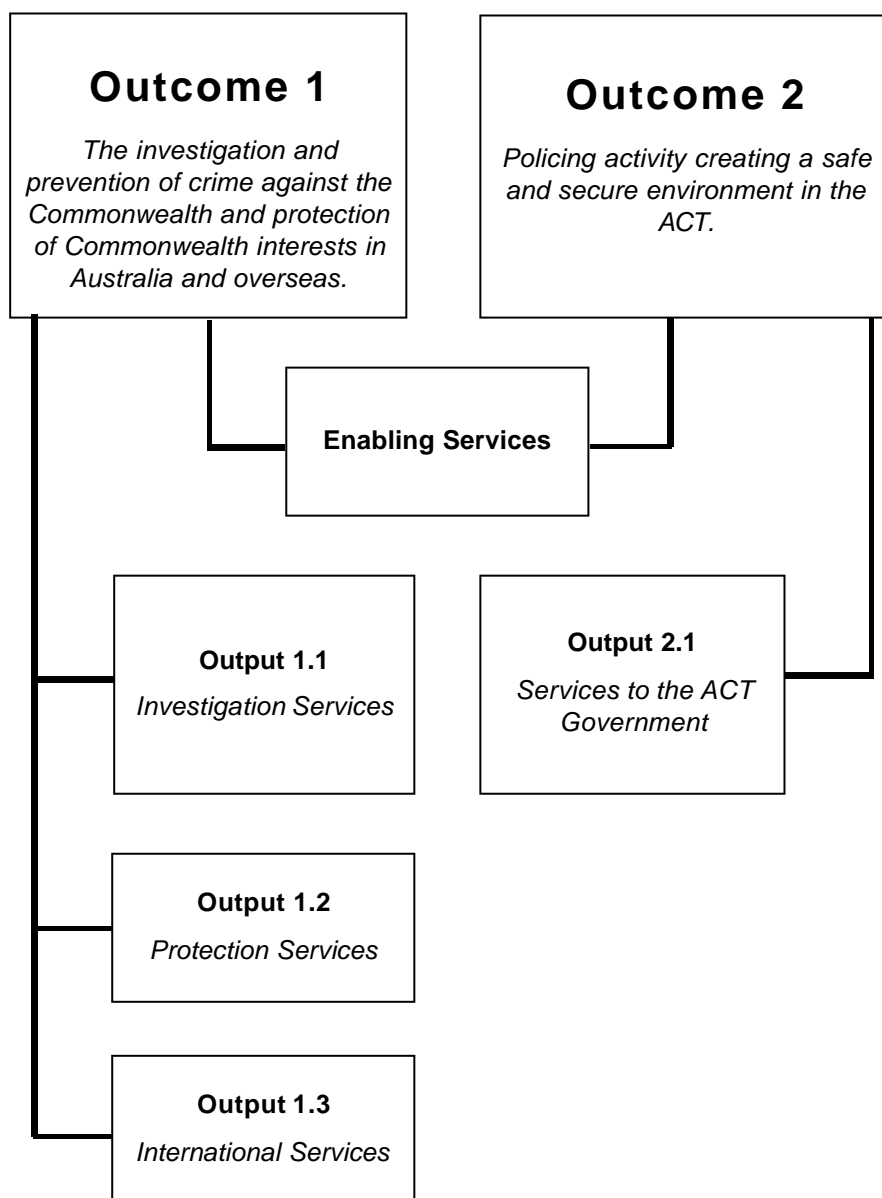
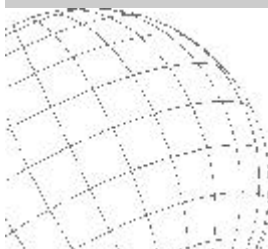


Chart 3: The AFP's outcomes and outputs structure for 2001–02.

CHAPTER 2 PERFORMANCE REPORTING



The dominant issue for the AFP is making the transition to an organisation redefined by its increased role in all aspects of counter-terrorism.



CHAPTER 2

PERFORMANCE REPORTING

2.1 Outcome 1: National and International Focus

Outcome 1, reflecting the AFP's national and internationally focused policing services provided to the Commonwealth is:

- *The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas.*

Outputs

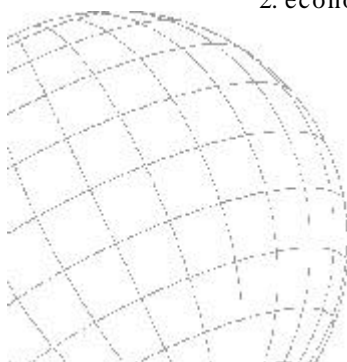
The AFP produces three outputs that contribute to Outcome 1.

1. **Investigation Services** through which the AFP provides the Commonwealth with a flexible, reactive investigative capacity across a large range of Commonwealth interests;
2. **Protection Services** through which the AFP seeks to ensure that individuals and interests identified at risk by the Commonwealth are kept safe and their dignity preserved; and
3. **International Services** through which the AFP supports the Australian Government's international responsibilities by providing a range of law enforcement services.

Crime Management Strategies

The AFP plans its operational activities for Outcome 1 through a business planning process based on Crime Management Strategies. These are:

1. illicit drugs strategy – focusing on reducing supply and disrupting the associated organised criminality related to the organised importation of illicit drugs;
2. economic crime strategy – aimed at preventing and reducing fraud against the nonwealth through a coordinated response against criminals involved in economic at the national and international levels;



3. international strategy – covering a broad range of international law enforcement activity at bi-lateral and multi-lateral levels concerning Australia's international law enforcement and peacekeeping/peace monitoring obligations and responsibilities;
4. protection of Australian systems and institutions strategy – recognising the importance of protecting this infrastructure through the AFP detecting, preventing, deterring and investigating electronic and telecommunications crime and the effective enforcement of Commonwealth legislation;
5. people smuggling strategy – aimed at counteracting the activities of international and Australian organised criminal involvement in smuggling people to Australia;
6. environmental crime strategy – which directs the AFP's role in the protection of the environment by preventing, deterring or prosecuting environmental crime through the effective enforcement of Commonwealth legislation; and
7. security threats strategy – which recognises that those individuals and interests identified by the Australian Government or the AFP as being at risk need to be kept safe and secure as a result of AFP Protective Security.

The Crime Management Strategies identify and prioritise high impact crime problems confronting Australia and describe the implications for the AFP. They are linked to strategic corporate direction and operational decision making, ensuring that the efforts of business units are consistent with the AFP's overall organisational outcomes. The strategies assist in determining operational resource allocation as well as helping determine the enabling functions such as intelligence, investigations, training, offshore activity, legal and policy, science and technology.

Each operational General Manager has been allocated management responsibility on behalf of the AFP for a Crime Management Strategy. This initiative has created a wider understanding, within the AFP and with key partners, of how law enforcement agencies are responding to and managing the criminal environment. It has also broadened responsibility for managing crime within the AFP and has guided more consistent decisions regarding intelligence and operations.

The National Operations Management Team has started a review of the implementation of the Crime Management Strategies and called for the establishment of a Terrorism Crime Management Strategy, which is under development. This strategy, incorporating strategic partnerships with other key agencies, will aim to prevent any terrorist act in Australia that could potentially cause the loss of life or injury or large-scale destruction of property, as well as supporting the investigations of international law enforcement partners.

The AFP has established a Strategic Organised Crime Threat Matrix based on international best practice. The matrix ranks transnational crime groups and networks by their sophistication and the threat they pose to Australia. This tool assists in identifying intelligence gaps to provide a strategic focus for law enforcement efforts.

The AFP has also implemented an operational evaluation process to objectively rank and prioritise transnational crime groups for AFP investigation. This process allows the comparison of proposed criminal targets across the AFP both nationally and internationally. It is aimed at ensuring consistency and rigour in achieving the best law enforcement results for Australia.

Funding

Outcome 1

The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas.

Total price:	\$323.182 million
Departmental output appropriation:	\$303.669 million

Output 1.1

Investigation Services

Total price:	\$226.202 million
Appropriation:	\$216.783 million

Output 1.2

Protection Services

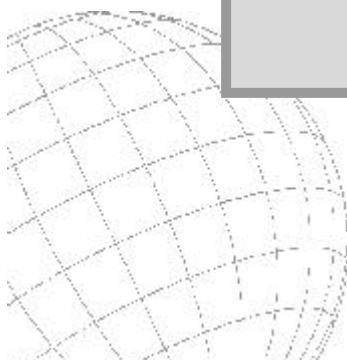
Total price:	\$42.034 million
Appropriation:	\$34.575 million

Output 1.3

International Services

Total price:	\$54.946 million
Appropriation:	\$52.311 million

Table A: Funding for Outcome 1



Output 1.1 – Investigation Services

The objectives of this output are to:

- enforce Commonwealth laws and protect the integrity of Commonwealth programs;
- effectively contribute to international efforts to counteract and prevent criminal activities identified by the Government;
- protect the integrity of national economic and social institutions and the environment; and
- ensure there is a national response where criminal activity impinges on national security and/or is of a trans-jurisdictional character.

As well as investigating serious or complex crimes in accordance with the requirements of the *Commonwealth Fraud Control Guidelines*, the AFP, in agreement with client agencies, also undertakes a number of strategically targeted investigations into other matters to ensure there is a credible criminal law deterrent even for minor breaches of Commonwealth legislation.

Output 1.1 is measured through:

- the disruptive effect of AFP investigations on the criminal environment;
- client satisfaction with AFP investigations; and
- the level of financial performance of the AFP in delivering cost-effective results.

Performance Measure 1:

The disruptive effect of AFP investigations on the criminal environment

Cooperative arrangements

In 2001–02, the AFP continued to build effective strategic alliances and enhance coordination mechanisms with other Commonwealth law enforcement agencies, partner agencies and international law enforcement agencies. The Joint Asian Crime Group (JACG) is an excellent example of the effective cooperation that can be achieved between Commonwealth and State law enforcement agencies. The JACG seeks to detect, investigate, disrupt and prosecute Southeast Asian organised crime and comprises representatives of Customs, the AFP, the NCA, the NSW Crime Commission and the NSW Police. During the reporting period, there were more than 40 instances of formal dissemination of information from the JACG to various local agencies. Numerous exchanges of information also occurred with overseas law enforcement agencies through the AFP overseas liaison network. This included information provided to Hong Kong Police, Royal Thai Police, Singapore Police, Royal Malaysian Police, Royal Canadian Mounted Police, FBI and the US Drug Enforcement Administration.

Other cooperative arrangements in place included the Western Australia Joint Management Group, comprising the AFP, Customs, Western Australia Police Service and AUSTRAC. This group provides enhanced strategic direction and continued cooperation between the agencies and oversees the Joint Operational Coordination Team and various other inter agency groups.

These alliances and coordination mechanisms were particularly important in countering

transnational crime and providing an effective and timely response to the events of *September 11*. During 2001–02 the AFP has worked closely with AGD, Customs, the Australian Security Intelligence Organisation (ASIO), the Australian Taxation Office (ATO), AUSTRAC, Centrelink and the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) to achieve a more coordinated, whole-of-government approach to issues facing Commonwealth law enforcement.

Legislation

In October 2001, new controlled operations provisions came into effect following the amendment of Part IAB of the *Crimes Act 1914*. Prior to this amendment, controlled operations could only be conducted in relation to illicit drug offences. With this amendment, the AFP can now conduct such operations in relation to a wide range of serious Commonwealth offences including money laundering, people smuggling, fraud and child pornography. In March 2002, the AFP arrested a man following a joint investigation with the US Postal Investigation Service into the alleged purchase of videotapes containing child pornography. This was the first instance of a controlled operation being used for a matter other than illicit drugs.

Measures of effectiveness

The new outcomes and outputs performance reporting framework which the AFP introduced in 2000–01 has led to more efficient and accurate measuring of the AFP's effectiveness. Performance measures were developed to reflect the various stages of a typical case, including case referral, case selection, investigation and outcome. By using these measures, the AFP can assess its success in each stage of the process and target remedial action appropriately. This measurement process has enabled the AFP to enhance its ability to detect and deter criminal activity impacting on the interests of the Commonwealth.

Case Referrals

Case referral is the first step in the investigative process. New cases for investigation are either referred from an external source or generated internally through intelligence gathering.

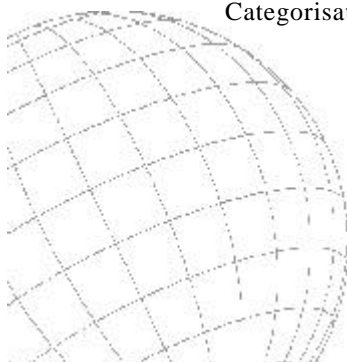
During the reporting period 4,093 matters were referred to the AFP for possible investigation, compared with 4,508 matters in 2000–01. Further details of these referrals can be found in Appendix 1, Table 4a. Details of offences identified during the year are given at Appendix 1, Table 4b.

Approximately 82 per cent of clients referring work to the AFP were satisfied with the AFP's acceptance of work referred.

With respect to internally generated matters, 18 per cent resulted in the case going into a legal process through the apprehension of a person or the referral of a brief to the Commonwealth Director of Public Prosecutions (DPP).

Case Selection

To ensure that resources are effectively applied to the highest priority work, the AFP uses a Case Categorisation and Prioritisation Model (CCPM). The CCPM is used to categorise matters



referred to the AFP for investigation as *very high*, *high*, *medium* or *low* impact cases. While low impact cases comprised 57 per cent of all criminal investigations by number, during the year, they accounted for only 15 per cent of AFP resources. By contrast, *very high* and *high* impact cases comprised 25 per cent of criminal investigations and employed 67 per cent of resources and in doing so, met the AFP's Portfolio Budget Statement target of 65 per cent of available resources being devoted to *very high* and *high* impact cases.

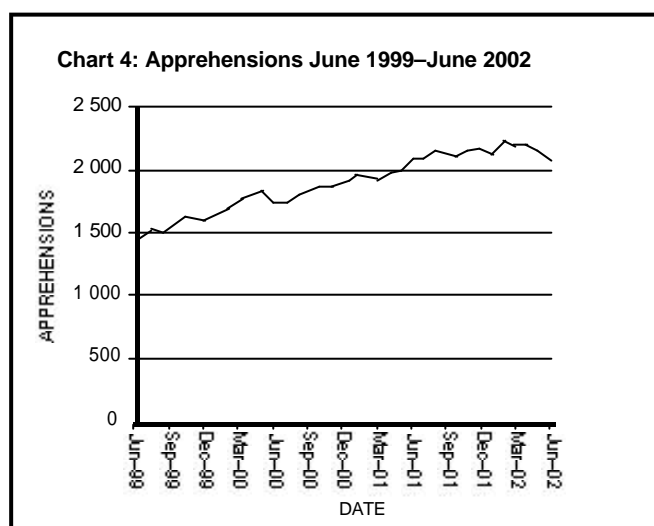
Investigation

The investigation phase of a criminal case is perhaps most readily identifiable police work. The AFP has identified two accessible measures of the success of an investigation:

- the number of apprehensions; and
- the proportion of cases reaching the legal process.

These two measures are both indicative of investigation progress.

Apprehensions remained relatively unchanged from 2,064 in 2000–01 to 2,066 in 2001–02. The AFP continued improvement in the percentage of cases brought to the legal process, which increased from 54 per cent of cases finalised in 2000–01 to 60 per cent finalised in 2001–02. This continues a long term trend in improvement in this regard.



Outcomes

The final stage of an AFP investigation is the physical outcome: the impact of drug investigations on the community; the return to government revenues following fraud investigations; and the recovery of the proceeds of crime. The results in these three major areas can be quantified and reported as performance measures. Client satisfaction with the perceived outcome is another indication that the AFP is achieving its objectives. Approximately 91 per cent of clients believe the AFP achieved the client's objectives.

The percentage of finalised economic crime cases reaching legal process increased from 68 per cent in 2000–01 to 78 per cent in 2001–02. The number of cases reaching legal process decreased from 324 in 2000–01 to 228 in 2001–02, with the median value of these cases increasing from \$29,938 in 2000–01 to \$50,554 in 2001–02.

Assets restrained

Another measure of outcomes achieved is the extent of proceeds of crime identified, restrained and recovered. The results for 2001–02 are shown at Appendix 1, Table 5: Assets Identified, Restrained and Recovered.

The apparent decrease in identified assets reflects a change in the categorising practice. Assets are now classified as identified only when there is a realistic expectation that they will be the subject of restraint and recovery action.

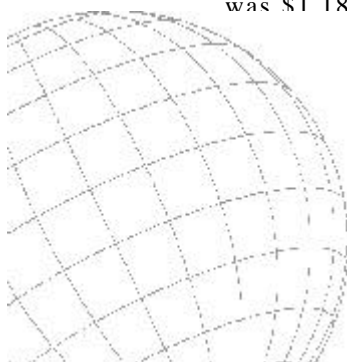
The substantial increase in assets restrained demonstrates a significant improvement in the performance of the AFP's specialist Financial Investigation Teams in locating assets under the effective control of persons charged with committing Commonwealth indictable offences and successfully restraining those assets in order to satisfy future confiscation orders. The higher restrained figures should translate to a higher recovered figure over the next 12–24 months if the subjects of the restraining orders are convicted. The restrained figure also includes assets seized under the *Customs Act 1901* by the AFP in relation to forfeited goods provisions, which includes items such as yachts, cars and cash seized from drug importers. The assets recovered figure should also be increased if the *Proceeds of Crime Bill 2002* is passed.

Benchmarking activities

The AFP has built on its previous benchmarking activities against overseas law enforcement agencies and the private sector and has continued to investigate a range of methods to assess and report organisational performance within its outcomes and outputs framework. Economic evaluation is one such tool. University of NSW academic, Dr Helen Lapsley, independently reviewed the appropriateness of the evaluation framework used by the AFP to measure the costs and benefits of its criminal investigations. The analysis was limited to fraud and drug investigations, because they consume the majority of resources expended under Output 1.1 and were promising areas for this type of analysis. The results reported below are preliminary and will be subject to further review.

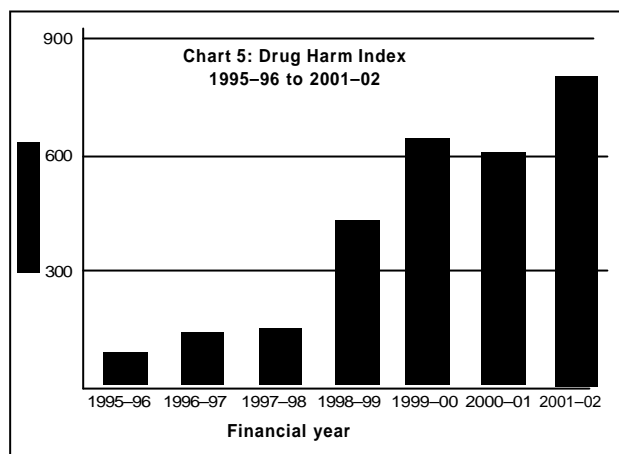
With respect to its fraud investigations for the period 1999–2000 and 2000–01, it is estimated that the Australian Government received a net present value of \$258 million for the \$63 million invested by the AFP in fraud investigations. The return on investment for the same period was estimated at 5.1:1. In less technical terms, AFP fraud investigations provided a 'profit' of \$258 million to the Commonwealth and returned more than \$5 for every dollar invested by the Government.

With respect to drug investigations over the same two-year period, the estimated benefit to the community in terms of improved health outcomes, increased productivity and reduced crime was \$1 189 million. Over the same period, the combined cost of AFP and Customs actions of illicit drug importations was estimated at \$230 million. On that basis, the



economic return to the Australian community was \$959 million (net present value), which represents a return on investment of \$5.20 for every dollar invested in illicit drug investigations.

Drug Harm Index



To further develop the work undertaken last year to benchmark AFP illicit drug investigations performance in relation to similar organisations around the world, the AFP Drug Harm Index was developed, in this reporting period, to provide a single measure that encapsulates the value to the Australian community of AFP/Customs drug seizures. The index represents the dollar value of harm that would have ensued had the drugs reached the community. It is based on the AFP's economic evaluation of drug investigations conducted in 2001. The index includes both domestic drug seizures and international seizures where the AFP played a significant role. It should be noted that the index will be revised as further research on harm associated with illicit drugs becomes available.

Table B: Total value of harm avoided due to AFP drug seizures

Period	\$ million
1995-96	79.4
1996-97	137.4
1997-98	146.0
1998-99	423.4
1999-2000	633.3
2000-01	603.3
2001-02	801.6

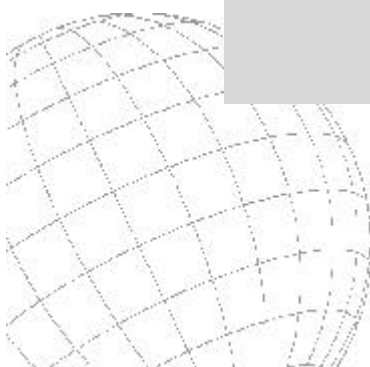
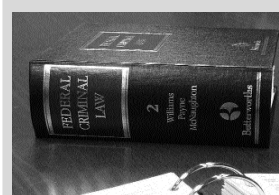
Note: All values are in year 2000 dollars. The index includes major drugs of importation, i.e. heroin, cocaine and amphetamine-type stimulants. Seizures made in the ACT are excluded.

Responses to the Changing Environment

Following the *September 11* terrorist attacks, there was an immediate need to increase the AFP's protective security services and counter-terrorism crime capacity. The Government provided \$9.271 million (including \$3.237 million for capital) in Additional Estimates to increase this capacity.

In response the AFP:

- established operational teams in AFP head office and in all business units to efficiently coordinate and use resources;
- deployed these teams to receive, analyse, disseminate and assign tasks relating to all terrorist-related information and liaise with national security, intelligence and other law enforcement agencies, nationally and internationally, including the FBI;
- conducted proactive investigations into possible terrorist links in Australia;
- managed many counter-terrorist investigations and identified potential Persons of Interest (POI) such as holders of licences for hazardous materials, persons attending flight training schools, air charter operators, and actioned FBI watchlists;



- investigated suspected hoax mail offences;
- immediately deployed 60 additional members for Close Personal Protection duties to an expanded range of clients; and
- was forced to suspend a large number of investigations and rejected matters which under other circumstances would have been accepted for investigation. In September and October 2001, more than 80 matters were suspended due to diversion of resources to higher priority matters.

While the post *September 11* terrorism and protection demands have stabilised, the extent of AFP resources available to service other high priority investigations remains limited with slightly more than 400 federal agents deployed nationally to investigative duties at 30 June 2002.

The effect of *September 11* on AFP investigative capacity is reflected by the relatively significant variations against some internal planning targets (expressed in terms of investigative hours) set for major crime types at the beginning of the financial year. While the target for drug investigations was achieved, a number of targets for other incident types were not achieved. The percentage of resources consumed by general crime (which encompasses terrorist-related offences) was 12.4 per cent against an initial target of 4.7 per cent.

In response to these ongoing demands, during 2001–02, the Government agreed to provide an extra \$110.1 million over four years to the AFP to increase close personal protection services and enhance counter-terrorism crime capacity.

In the 2002–03 Budget, the Government announced further funding to enhance the AFP's capacity to respond to crimes such as people smuggling, terrorism and politically motivated violence. Funding of \$47.0 million over four years will be provided to double the AFP's strike team capacity, enabling the deployment of 100 AFP officers around Australia. These strike teams build on the success of the Avian strike teams established under the National Illicit Drug Strategy. The Government will also provide an additional \$21.4 million over four years to expand the Axiom undercover program, enabling the AFP to conduct more effective targeted operations into a wide range of criminal activities such as money laundering, people smuggling, illicit drug trafficking and electronic crime.

Performance Measure 2:

The level of client satisfaction with AFP investigation services

The AFP received its second consecutive Silver Award for excellence in integrating service charters into core service delivery outcomes and organisational culture on 25 June 2002.

In June 2002, the AFP began its third independent survey of client satisfaction to gauge the attitudes and perspectives towards services provided by the AFP. This survey sought to build on previous surveys conducted in 1999-2000 and 2000-01. Output 1.2 activities relating to Protection Services were more fully integrated into the survey, as was Output 1.3 – International Services, where feedback is also being sought from Australian-based clients of the AFP's overseas liaison network. More detailed feedback has also been sought in relation to national investigative services, to more clearly distinguish between services provided by various business units.

It is anticipated that the impact of resource commitments to overseas contingents, and the refocusing on higher priority activities following the terrorist attacks of *September 11*, will impact on the 2002 client satisfaction survey results, as a number of investigations had to be suspended or referrals, that traditionally would have been accepted, had to be rejected because of insufficient resources.

More detailed feedback was sought in relation to individual investigations through client solicited feedback on the quality, content and timeliness of quarterly case management reports. More recently, steps have been taken to obtain more detailed feedback in relation to all matters finalised during the reporting period.

Apart from the feedback provided by the independent Client Satisfaction Survey, the AFP regularly receives feedback from client agencies regarding its service provision at both strategic and specific operational levels. During the reporting period, the AFP continued its program of high level stakeholder consultations through which the AFP Executive seeks a more strategic, higher level assessment of AFP performance. Agencies with which the AFP met during 2001-02 included Australia Post, Customs, Australian Securities and Investments Commission (ASIC), AUSTRAC, the Department of Foreign Affairs and Trade (DFAT), the then Department of Immigration and Multicultural Affairs, the then Department of Workplace Relations and Small Business, DPP, Insolvency and Trustee Service, Australia (ITSA), and the NCA. Due to the events of *September 11*, efforts to schedule meetings with Centrelink, the Department of Training and Youth Affairs and the Health Insurance Commission (HIC) did not proceed.

The AFP continued to develop and implement strategies to improve client service through 11 separate Performance Improvement Plans (PIPs) that specifically address improving communication with client agencies; assisting agencies in developing realistic expectations of AFP service delivery; improving AFP members' understanding of the environment and the needs of agencies; and putting processes in place to ensure client focused service delivery.

Service elements that directly influence or impact on client satisfaction with AFP services are explicitly examined through the AFP's BAA program. Areas of focus include: adherence to the 14 or 28 day requirements to advise clients of the acceptance or rejection of matters referred for investigation; adherence to the 14 day requirement to advise agencies of changes in case officer; quality of quarterly case management reports to client agencies; the spread of agencies referrals are accepted; and adherence to AFP targets for investigational outputs.

Feedback received during the reporting period included comments such as:

It is clear that the AFP has made a valuable contribution to the development of the Insolvency and Trustee Service, Australia's Fraud Investigation capabilities, particularly through the presence of seconded agents in the AFP's Melbourne and Brisbane offices. The results being produced from Fraud Investigation reflect the AFP input. For instance, in the 2001–02 financial year, there were 35 successful prosecutions of offenders involving 100 offences, which compared to 20 offenders prosecuted in respect of 33 offences in 2000–01 ...

...in recognition of an outstanding professional performance displayed when conducting surveillance at the request of the Health Insurance Commission ... I would like to recognise the efforts of your staff ... and feel that they are to be commended for an outstanding job performance in very difficult circumstances.; and

The Investigations Management Unit of Comcare recently sought AFP assistance in the preparation and execution of Search Warrants ... As an investigation unit that does not normally use Search Warrant powers ... we were dependent upon AFP Adelaide office staff to provide us with contemporary local knowledge and experience. Their generous support in this regard was outstanding.

Performance Measure 3:

The level of AFP financial performance in delivering cost effective results

During the reporting period, the AFP's business planning processes proved to be extremely effective in improving the efficiency and effectiveness of AFP services and in identifying areas of further improvement.

The CCPM, which the AFP uses to ensure that resources are effectively targeted to the highest priority work, was revised following extensive consultation with clients, to better capture clients' assessments of the impact and priority of the work they refer to the AFP for possible investigation. Through consistent application of the CCPM and the setting and monitoring of targets for a wide range of investigational outputs, the AFP was able to comfortably meet its Portfolio Budget Statement target of 65 per cent of available resources being devoted to *very high* and *high* impact cases.

Eleven BAAs were undertaken in all major business units, including Northern Operations, Southern Operations, Eastern Operations, Western Operations, Protection Services, and selected overseas posts.

Areas for improvement in efficiency identified by the AFP include:

- a continued focus on improving data quality to ensure that information on the AFP's case management system, PROMIS (Police Realtime Online Management and Information System), is accurate, timely and complete;
- greater monitoring and quality control by team leaders and coordinators of their team members' work;
- greater monitoring of time attribution on PROMIS to identify anomalies and inconsistencies; and

- greater compliance with protocols relating to the uploading of documents to PROMIS, including referral documents, decisions of the Operations Committee to accept or reject matters, planning documents, and fortnightly situation reports on the progress of investigations.

The Joint Operations Monitoring Centre meeting, which is a quarterly meeting of representatives of all Operations Monitoring Centres, has continued to provide a very effective forum for discussing and resolving anomalies and ensuring greater consistency in the way in which business units operate across the AFP.

The AFP continued to identify and trial innovative operational procedures and practices. For example, during the reporting period, considerable progress was made in relation to two strategic information technology projects: Project Retain and Project Disclosure. Project Retain is a three-stage enhancement process to the AFP's property and exhibit handling module in PROMIS that will deliver improved accuracy with a simplified user interface. The project, when completed, will have a significant impact on the AFP's property and drug registries nationally, which hold tens of thousands of exhibits. Project Disclosure, the AFP's electronic brief preparation and presentation project, aims to support and assist investigators in the compilation of briefs of evidence. Expected benefits from the project include increased productivity and timeliness of results, and greater uniformity in the brief presentation and enhanced accountability.

Illicit Drugs

The AFP has continued to set and monitor targets for a wide range of investigational outputs, based on client needs as identified through independent client satisfaction surveys, and intelligence derived from Crime Management Strategies. In this reporting period, the AFP achieved its target with respect to illicit drug investigations, devoting 32.2 per cent of available investigative hours to these matters, in line with a target of 31.9 per cent of available investigative resources. The AFP was successful in targeting syndicates importing heroin, cocaine, amphetamines and cannabis resin. Table 3 in Appendix 1 shows Commonwealth agencies' seizures of these drugs. (In interpreting this table, it is important to recognise that as numbers and amounts seized from one period to the next are volatile, comparisons need to be made over a number of years before any conclusions about trends can be formed. The sporadic timing of large seizures may unduly influence perceptions of trends from one year to the next.) The influence of unusually large seizures of cannabis resin, cocaine and methamphetamine has resulted in an increase in the amounts of these drugs seized when compared with 2000–01.

The AFP was also significantly involved in a number of large drug seizures overseas including 100kg of cocaine seized in Tonga in October 2001, a seizure in Brazil of 11.8kg of cocaine and 1.6 million MDMA (3,4 – methylenedioxymethamphetamine) tablets in Germany.

Within Australia, the AFP has continued to provide support to, and play a role in, key policy forums relating to illicit drug use including the Ministerial Council on Drug Strategy (MCDS) and the Australian National Council on Drugs (ANCD). The MCDS, comprising Commonwealth and State and Territory health and law enforcement ministers, is responsible for collectively determining national policies and programs to reduce the harm caused by drugs. During the year, ministers considered the problems associated with the significant increases in the use of ATS across Australia and agreed to the development of a detailed plan for the prevention and management of amphetamines abuse. Ministers commended the efforts of the AFP and other law enforcement agencies and noted their contribution to the National Illicit Drug Strategy. Commissioner Keelty gave a presentation to MCDS at its 31 July 2001 meeting on recent large seizures and international

trends in the production and marketing of illicit drugs, in particular the threat posed by amphetamine type stimulants.

The Prime Minister established ANCD in 1998 to ensure that the expert voice of non-government organisations and individuals working in the drug field reaches all levels of government and influences policy development. Commissioner Keelty is Deputy Chair of the 18-member council that also includes leading experts and representatives from the non-government sector, treatment agencies, research institutes, family-based services, government agencies, indigenous organisations, schools and prevention and education centres. During the year, ANCD focused particularly on government initiatives including a national alcohol and illicit drug campaign, a community partnership initiative and the training of front line workers.

Increasingly, the AFP is seeking to target its investigative and intelligence gathering activities closer to the source and transit countries involved in the illicit drug trade. These activities are conducted with the assistance of international law enforcement agencies and facilitated by the ongoing development of strategic agreements to underpin intelligence, operational and cooperative assistance. These initiatives were supported by Government, which agreed to establish new overseas liaison posts, extending the reach of the AFP and strengthening its partnerships.

The AFP has also sought to improve its cooperative operational and intelligence relationships with overseas law enforcement agencies. For example, on 14 June 2002, cooperation between Australia and Indonesia was further strengthened with the adoption of a memorandum of understanding (MOU) between the AFP and the INP. The MOU provides a framework for ongoing law enforcement collaboration in preventing, investigating, disrupting and dismantling transnational criminal activity impacting on either or both countries. Following the signing of the MOU, a working group meeting will be held to confirm opportunities for cooperation, which include exchange of information, joint operational activity and cooperative assistance on all criminal and transnational crime issues. These discussions will act on many of the outcomes from the Regional Conference on People Smuggling in Bali in February 2002.

The benefits of such cooperation were seen in AFP operations where collaboration with European agencies led to the seizure of 1.6 million MDMA tablets in Germany and the disruption of the activities of an Israeli organised crime group conspiring to ship the drugs to Australia.

During the reporting period, the US Drug Enforcement Administration and the AFP agreed to enhance collaboration in targeting, investigating, disrupting and dismantling international illicit drug trafficking organisations, which may be impacting either directly or indirectly on the US and Australia. This Agreement will shortly be finalised and sets the vision and expected outcomes for the future.

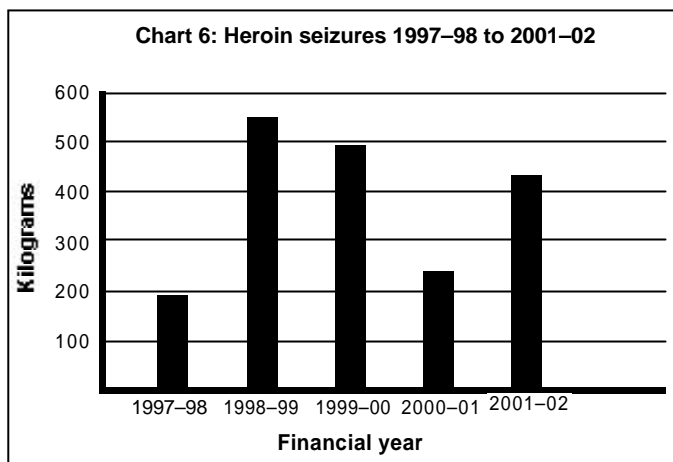
Heroin

Internationally, heroin remains freely available despite significant events in producer regions such as a Taliban prohibition on production in Afghanistan, the War on Terror and continued instability in Burma. The continuing instability in Afghanistan has hampered drug control efforts in that country, but intelligence and other reports indicate that production has resumed in the region.

Australia remained a very attractive market to heroin importation syndicates due to its relative wealth and existing customer base. The AFP remains vigilant to this threat as is demonstrated by the establishment of a liaison office in Cambodia during this review period and the six-month posting of an intelligence analyst to assist Thai law enforcement authorities. In response to the evolving use

of the South Pacific as a transit hub for illicit drugs, the AFP has expanded its liaison officer network in Fiji, Vanuatu, Solomon Islands and Papua New Guinea (PNG) as well as increasing the Canberra-based support to these offices.

Australia continued to experience a heroin shortage throughout 2001–02, resulting in higher prices and lower quality heroin. An analysis of intelligence relating to importation syndicates indicates that this shortage is largely the result of the disruption of these groups by the AFP and its law enforcement partners. While the heroin shortage has had a positive impact by reducing the rate of death by overdose and by causing some users to leave the market or seek treatment, some drug addicts have increased their use of other illicit products.



During the reporting period, the AFP commissioned a study on the impact of illicit drug supply reduction on health and social outcomes, focusing on the heroin shortage in the ACT. The study established that reductions in supply of heroin resulted in improved health outcomes for the community. Over a period of three years, heroin purity in the ACT dropped from 70–75 per cent to 20–30 per cent indicating a major reduction in supply. Over the same period, heroin-related ambulance callouts dropped from a peak of 55 in December 1999 to about eight in the months from June 2001 to March 2002. The study also revealed that the number of overdoses is related to the variability in heroin purity in any month. There was little evidence on the limited data available to suggest that the improved health situation with respect to heroin was offset by a deteriorating situation with respect to other drugs.

The results also suggested that reductions in supply were linked to increased enrolments in methadone treatment programs.

There was only one major seizure during this period, which involved 367.6kg of heroin that arrived in Brisbane from China. This product was concealed in cargo imported in a shipping container and was believed to have been destined for Sydney.

The extent of the heroin shortage appears to be unique to Australia with most similar countries experiencing either their usual level of supply, or in some cases, such as the United Kingdom, an abundance of heroin. Despite drug control efforts, the weather remains the principal factor in determining the extent of the opium crop in Southeast Asia.

Southeast Asia, in particular Burma, remains Australia's principal supply region with heroin predominantly being trafficked through Cambodia and China. The most frequent means of importation is by post and air passenger couriers with Sydney being the most common point of entry.

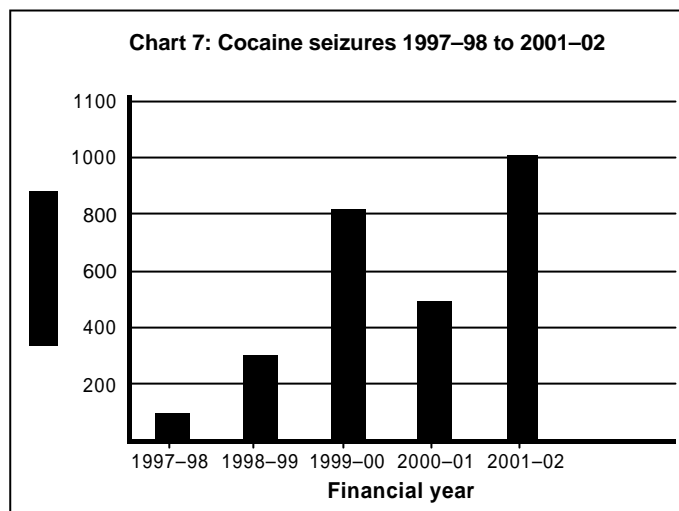
In last year's annual report, it was noted that a permanent AFP presence had been established in Burma. In this reporting period, the AFP's post in Yangon has fulfilled an important role in

establishing liaison with the local law enforcement authorities. This has allowed the AFP to further develop its understanding of Southeast Asian opium growth, and heroin and ATS production. Southeast Asia provides some 80 per cent of the heroin trafficked to Australia and is increasingly the source of methamphetamines.

Cocaine

Cocaine is emerging as a major threat to the Australian community. Assessment of this threat, when compared to threats posed by other drugs such as heroin, is hindered by the lack of health-related cocaine surveillance programs in Australia.

The level of cocaine use in Australia appears higher than in most European countries, but is still well below that in the US. Within the intravenous drug using community, cocaine abuse continues to be predominately a Sydney phenomenon, but the 2001 Illicit Drug Reporting System identified a spreading availability and consumption in other metropolitan centres.



Australia remains vulnerable to large-scale cocaine importations. Since 1998, there have been sharp increases in both allegations of cocaine trafficking to Australia and law enforcement cocaine seizures. Cocaine trafficking is undertaken by a wide range of global drug trafficking enterprises, which are also involved in the trafficking of other illicit drugs. Such criminal enterprises are actively using the Pacific region to transit and warehouse large cocaine shipments destined for Australia. Brazil and East Asia are also emerging as transit routes for cocaine shipments to Australia.

Amphetamine-type stimulants

Global supplies of the two principal amphetamine-type stimulants (ATS) imported to Australia – methamphetamine and 3, 4 methylenedioxymethamphetamine (MDMA) – continued to increase during the reporting period. Indicators of greater production include increases in the amounts of methamphetamine powder and tablets seized in Southeast Asia and a fall in the price of European-produced MDMA tablets. The ATS consumption culture continued to spread, with methamphetamine consumption causing increasing concern in Southeast Asia, the US, and New Zealand. MDMA consumption increased in the United Kingdom, North America, and Southeast and North Asia.

In Australia, methamphetamine use increased, with one reason being the desire for a substitute for heroin, which has been in short supply. MDMA use widened, and was seen more frequently in regional areas.

ATS are imported by both small-scale opportunistic operators and by established Australian criminal enterprises that seek to import large commercial-scale shipments. Investigations into ATS seizures have shown trafficking groups to be involved in a range of illicit drugs and other criminal activities such as people smuggling and credit card fraud. Australia is seen to be a favoured destination for some of the increasing amounts of ATS available on the global markets. Transnational organised crime groups in Europe and Asia send ATS to well established Australian drug distributors who have previously been active in

other illicit drug markets such as cannabis. They also supply smaller scale distributors who previously have not come to law enforcement attention. Air passenger couriers, and personal and commercial parcel post services are the most frequent methods of importation detected. Less frequent, but much larger shipments by sea, dominate the data for amounts seized.

The AFP seized 212kg of MDMA, in 363 seizures, and 448kg of other ATS, principally methamphetamine, in 151 seizures. The result of a large methamphetamine seizure was that the relative importance of the amounts of methamphetamine and MDMA seized was reversed when compared to previous reporting years. In the financial year, MDMA accounted for 3 per cent of the drugs seized, with large seizures of cannabis and cocaine dominating. The 212kg of MDMA seized in the financial year is 54 per cent of the 390kg seized last financial year. The co-shipment of ATS and heroin from South-east Asia, which was observed and reported on in 2000-01, has continued in this reporting period.

Wherever possible and practicable, AFP members are deployed offshore for narcotic investigations, as this is more likely to engender higher-level collaboration with foreign law enforcement agencies, which in turn is likely to lead to greater disruption of criminal syndicates.

Chart 8: MDMA seizures 1997-98 to 2001-02

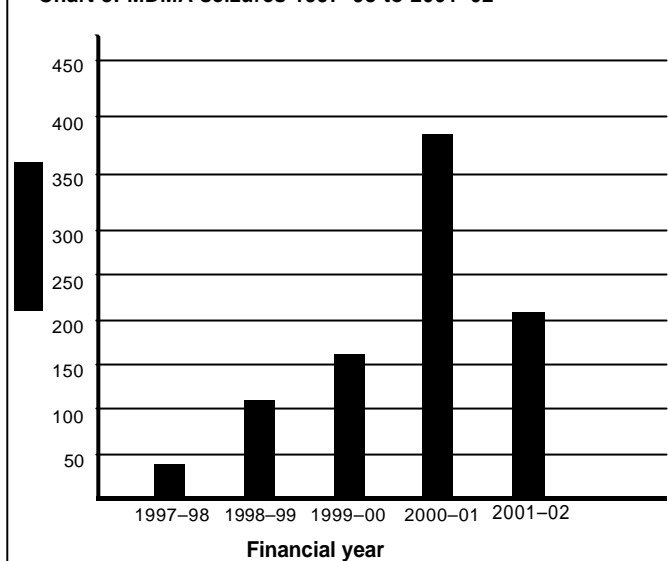
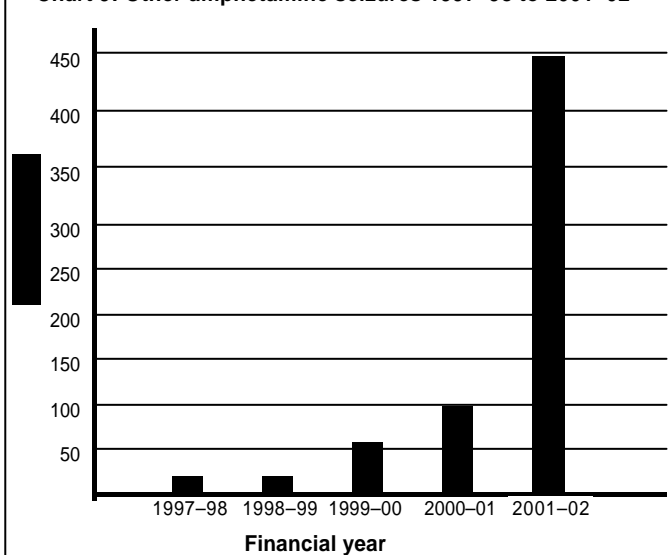


Chart 9: Other amphetamine seizures 1997-98 to 2001-02



Significant Achievements

- As a result of a successful AFP, Queensland Crime Commission and Queensland Police Service operation, a 58-year-old invalid pensioner from the Gold Coast received a 14-year prison sentence in October 2001, on charges relating to the possession, trafficking and supply of heroin and amphetamines. A Harley Davidson motorcycle, a 32-foot vessel, a Jeep Cherokee vehicle, \$60,000 in cash and land worth \$20,000 were seized and forfeited to the Crown as assets gained through the proceeds of crime.
- Five men were arrested in April 2002 on charges of conspiring to import approximately 12kg of cocaine into Australia, and the activities of an alleged major international narcotic distribution network were successfully disrupted. A further four people were arrested in Brazil in relation to the same operation. The investigation, which began in March 2001, focused on the suspected criminal activities of a number of people in Australia, Brazil, Argentina, Indonesia and the US, and involved cooperation between the AFP, Brazilian Federal Police and the INP, as well as the Queensland Police Special Emergency Response Team and the NSW State Protection Group. The suspects are to face court later in 2002.
- In July 2001, a 400kg mixture of ATS imported by yacht to Queensland was seized. This seizure demonstrated how large amounts of both high-purity crystalline methamphetamine, typically manufactured in China, and tablet-form methamphetamine, typically made in Burma and Thailand, are being directed to Australia. Two men aged 45 and 30 years were charged in July 2001, following the joint AFP-Customs operation. They were committed for trial at a date to be set. In November 2001, the seized vessel *Zen* was sold at auction for \$43,500, which was in excess of ITSA's valuation of \$39,280, as part of proceeds of crime recovery action.
- The AFP supported NCA investigations surrounding the seizure of 123kg of MDMA imported by sea container from Malaysia in October 2001 and 125kg of MDMA secreted in freezers imported from Europe in November 2001.
- The largest single cocaine seizure in Australia was made in July 2001 on the central coast of Western Australia where 938kg of cocaine was seized. More than 30 members were deployed to a range of locations. This investigation had significant impact on the syndicate, the resultant availability of cocaine and the perception by members of the public on the abilities of law enforcement to cooperate in investigations with high-impact results. The Western Australia Police Service, Customs and Coastwatch provided valuable assistance to the AFP. Two men are currently before the courts on charges of importing and being knowingly involved in the importation of the drugs. On 15 July 2002, the skipper of the vessel was sentenced to 25 years imprisonment with a non-parole period of 14 years. The other suspect was remanded in custody to appear in October 2002. A fourth man has received a life sentence for importing a prohibited import. Community feedback regarding the excellent results was demonstrated through e-mail messages of support, letters to the editor and increased community acceptance of the role and understanding of the AFP.
- The AFP undertook a joint agency investigation with Victoria Police and Customs resulting in the seizure of 520kg of pseudoephedrine in a shipment of tiles at the Melbourne waterfront. Although this seizure did not result in prosecution, significant valuable intelligence was gathered as a result of the investigation.
- Customs and the AFP seized Australia's second largest shipment of heroin and arrested three men in a joint operation that culminated in March 2002. Customs officers found 367.6kg of heroin concealed in packaged rice noodles in a cargo container that arrived in Brisbane from China. Following the detection, AFP surveillance resulted in the arrest of five Australians. Intelligence suggested that the drugs originated from the Golden Triangle and were transhipped across southern China. The attempt to land such a significant quantity of heroin in Brisbane reflects a change in tactics by these groups.

National Illicit Drug Strategy

Mobile Strike Teams

The National Illicit Drug Strategy (NIDS) funding has been provided for the operation of 10 mobile strike teams created to target major international drug syndicates, with the intention of reducing both the supply of illicit drugs and disrupting or dismantling syndicates. The teams are intelligence-led and provide a flexible response, including the capacity for rapid deployment, as required, throughout Australia and overseas.

Funding of \$49.9 million has been provided to date with \$13.6 million appropriated in 2001–02.

During 2001–02, the strike teams initiated 14 major new investigations as well as progressing ongoing investigations. These resulted in 61 arrests in Australia and 23 arrests overseas.

Strike team seizure results during the reporting period included:

- 1.5kg of heroin (domestic) (nil overseas);
- 953kg of cocaine (total domestic) and 137kg (total overseas);
- 1.6kg of amphetamine type stimulants (total domestic) and 533kg (total overseas); and
- 2930kg cannabis resin, 2kg of cannabis leaf, 318 cannabis plants (total domestic) (nil overseas).

Much of the success of the mobile strike teams can be attributed to the cooperative nature of relationships forged between the AFP and its law enforcement partners both in Australia and overseas.

The AFP's overseas liaison officer network plays a vital role in facilitating the flow of intelligence and the coordination of overseas operations. Examples that illustrate this include:

- NIDS funding enabled the AFP to continue brief preparation and associated inquiries in relation to Operation Avian Logrunner for court proceedings in Fiji that ultimately resulted in the conviction of two offenders. In February 2002, one person was convicted in the High Court of Suva on a heroin importation charge and was sentenced to four years imprisonment. Another person was convicted on charges relating to heroin importation, possession and attempted export and was sentenced to 12 years imprisonment. A third person was found not guilty on



a heroin importation charge; and

- funding enabled the AFP to investigate the financial and other activities of suspects related to Operation Avian Montego. These investigations resulted in the further identification and seizure of assets in both Australia and the US. An offender, who was extradited from the US to Australia, will face committal proceedings in September 2002. An Interpol red notice has been issued for another suspect.

Strike team seizure results for the reporting period included:

- an investigation concerning 3 tonnes of cannabis resin concealed in tiles in two shipping containers from Islamabad. The investigation was conducted in conjunction with the overseas liaison network and resulted in seven arrests. In May 2002, all seven defendants were committed to appear in September 2002 in relation to the charges; and
- an investigation into the alleged narcotics-related activities of an Israeli-based syndicate, which began in September 2001, as a result of cooperative efforts between the AFP and the Israeli National Police. Inquiries indicated that an Israeli national was arranging to import a commercial quantity of MDMA into Australia. As a result of cooperation between the AFP, the Israeli National Police and the Dutch Police, in November 2001 members of the German Police entered a German storage facility and arrested three men and seized 1.6 million ecstasy tablets. Further investigations conducted by the AFP revealed that an Israeli national had travelled to Northern NSW in November 2001 to act as a shore party for this shipment. He was subsequently arrested and extradited to The Netherlands to be charged with offences relating to his involvement in this intended importation. Although this shipment of MDMA did not reach its intended destination in Australia, this volume of narcotics represents the largest seizure of MDMA involving the AFP.

Resident Agent on Thursday Island

The establishment of a resident federal agent position on Thursday Island with NIDS funding followed a trial project which concluded that greater steps were required to secure Australia's northern border and stem the practice of exchanging cash and guns for drugs. Intelligence indicates that the presence and activities of the resident agent and the cross-border, intelligence-sharing arrangements now in place have had a deterrent effect on criminal activity. NIDS total funding to date is \$0.9 million with \$0.2 million appropriated in 2001–02.

The resident agent undertook four joint cross-border patrols during the reporting period. The aim of these patrols was to enhance liaison with PNG law enforcement agencies, collect timely information concerning cross-border crime and potential people smuggling activities, and respond to criminal activities detected during the patrol.

The resident agent also took part in five community justice meetings on a number of Torres Strait Islands. Delegates at these meetings provided the community with an overview of the roles and functions of each agency together with information on

various topics such as the adverse effects of narcotic and alcohol use and reporting requirements concerning drug traffickers and those involved in the movement of third country nationals.

During 2001–02, a number of narcotic importations were detected on Thursday Island. On three occasions, third country nationals landed in the Torres Strait. Information obtained from those persons, together with information concerning other third country national movements in Western Province, PNG and the eastern border area of Papua was forwarded to the People Smuggling Team for analysis. Valuable information of this type has also been obtained during interviews with Merauke-based Indonesian fishermen detained within the Australian Economic Zone or Torres Strait Protected Zone.

Human Source Handling and Witness Protection

The AFP's management of human sources (including informants) has undergone significant restructuring during the reporting period. This has resulted in enhanced accountability and improved coordination of intelligence and operational activities. It has also provided AFP members with advanced training in human source handling.

Since the restructure, the AFP's use of human sources has resulted in mobile strike teams achieving further positive results. These results have included significant seizures of narcotics and the arrest of principal organisers in Australia and overseas. Cooperation with other overseas law enforcement partners has prevented narcotics from reaching Australia and has severely disrupted the ability of international organisers to supply narcotics to Australia and other countries. A number of the investigations undertaken by the mobile strike teams began as a direct result of human source information.

NIDS has provided funding to date of \$4.1 million for this initiative, with \$1.2 million available in 2001–02.

National Heroin Signature Program (NHSP)

The NHSP is a key element of NIDS. The program is designed to provide enhanced support for narcotics-related operations through the physical and chemical analyses of heroin seizures. At 30 June 2002, the program has analysed more than 1,300 samples (see Table C on page 35) and identified:

- the existence of a number of sub-types of heroin within the one geographical location;
- an increase in the number of unusual samples with unknown impurities or in some cases, contaminants and cutting agents particularly evident during 2000–01 whereby Southeast Asian heroin samples had more impurities despite stable average purity of heroin; and
- the trend is moving to heroin in plain-packaged packets.

Funding of \$1.2 million has been provided for NHSP to date, with \$0.3 million appropriated in 2001–02.

A Joint Drug Intelligence Team Operations working group, comprising scientists from the Australian Forensic Drug Laboratory, members of AFP Forensic Services and members of the AFP strategic intelligence group met regularly and discussed heroin-related issues. A number of information sheets on large importations of heroin into Australia have been produced and posters advertising the NHSP have been circulated within the AFP and to AFP liaison officers in Southeast Asia.

Southeast Asian law enforcement agencies, with AFP assistance, participated in a regional drug summit, in Melbourne in September 2001 in conjunction with a forensic science meeting.

Table C: Seizures analysed by NHSP^a

Year	Seizures	Samples	South America	S-E Asia	S-W Asia	Mexico	Unknown
1998	12	73	9.6%	89.0%	0.0%	0.0%	1.4%
1999	64	389	2.1%	82.0%	7.5%	1.3%	7.1%
2000	46	329	4.0%	93.3%	0.3%	0.0%	20.4%
2001	43	225	8.0%	79.1%	1.8%	0.0%	11.1%
2002	5	310	0.0%	67.4%	0.0%	0.0%	32.6% ^b

^aFigures supplied by Australian Government Analytical Laboratories

^bThe increase in unknown seizures evidenced in 2002 is thought to arise from the increased occurrence of different raw materials or manufacturing techniques that cause some of the seized heroin to fall outside characteristic parameters for the known groups of heroin.

Expansion of Telephone Interception Capability

Funding of \$3.4 million has been provided to date with \$0.9 million appropriated in 2001–02. As a result of NIDS funding, the additional capacity of the new telephone interception (TI) mechanism has been used by operational teams to enhance their ability to investigate criminal syndicates and to enhance the chances of successful arrests and prosecutions.

Regional access to the TI system and product is now available at the standard AFP desktop, which has reduced the time taken by investigators to access information. This access has incorporated all the security aspects of the AFP's Local and Wide Area Network systems.

Law Enforcement Cooperation Program

The Law Enforcement Cooperation Program (LECP) supports the AFP's offshore disruption of transnational crime groups by: improving the level of cooperation and capacity of overseas law enforcement agencies; providing the assistance necessary for the AFP to develop law enforcement intelligence leading to the interdiction of illicit drugs before they reach Australia; and by disrupting, detecting and prosecuting those responsible. The LECP complements the activities of the AFP's mobile strike teams.

Funding has allowed the AFP to strategically place members with overseas partner agencies for mutual benefit. NIDS has provided funding of \$11.8 million to date with \$3.6 million appropriated in 2001–02. (Further details of the LECP can be found later in this report.)

LECP funding enabled:

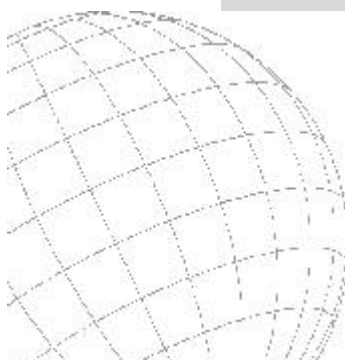
- the Brisbane office to host a visit by the Royal Solomon Islands Police Deputy Director CIB during May 2002. The visit was to discuss intelligence modelling for the Solomon Islands, particularly with respect to security intelligence;
- the AFP to facilitate the travel of a contingent of Brazilian Federal Police to the Brisbane office. The visit provided exposure to the full range of the AFP's investigative activities and an opportunity for AFP members to gain exposure to Brazilian Federal Police investigative practices. The visit also assisted AFP investigators in their preparation of the brief of evidence for a major illicit drug investigation;
- the participation of an AFP member on a Hong Kong Police Triad Course, the attendance of an Electronic Evidence Team member at a course conducted by the International Association of Computer Investigative Specialists in Orlando, Florida, and the travel of two other members to Iran and Yugoslavia respectively to provide police with training in Analyst Notebook; and
- the resident agent on Thursday Island to host a visit by Daru-based Police and Customs personnel in April 2002. The week-long visit provided these members with practical exposure to the intelligence systems and investigative capabilities developed by the Customs and AFP members stationed in the Torres Strait.

Overseas Posts

Funding of \$10.7 million has been provided to date, and \$3.0 million appropriated in 2001–02. This funding enabled the AFP to expand its already highly successful overseas liaison network into key drug transit locations. Additional posts were established in the key locations of Beijing and Hanoi, and a dedicated intelligence analyst position created in Hong Kong to strengthen the flow of drug intelligence information.

Further NIDS funding expanded the network to include Yangon, Bogotá, The Hague and an additional position in Hong Kong.

The liaison officer in Bogotá continues to enhance and build the AFP's intelligence



capacity in South American cocaine trafficking and has provided the link between the AFP, Colombian law enforcement and the US Drug Enforcement Administration. This has been of great value in operations such as Australia's largest seizure of 938kg of cocaine seized in Western Australia in July 2001.

The liaison officer in The Hague has provided an important link between the AFP and source country law enforcement. This officer has contributed to intelligence and linkages to Southeast Asian law enforcement as European sourced MDMA supplies the Asian market and transits Asia to the Australian market. In an investigation into a criminal syndicate based in Singapore and Indonesia, The Hague post was critical in providing the necessary liaison and coordination which resulted in the arrests of drug traffickers in Malaysia (including the syndicate head), USA, Germany and the Netherlands, as well as the seizure of multiple kilogram amounts of MDMA. The overseas investigations and previous investigations into the Australian operations of this criminal syndicate have severely disrupted the activities of the group.

The liaison officer in Yangon has forged an effective working relationship with the Burma Police and has provided vital intelligence and assistance to recent AFP offshore operations. Following the seizure of 357kg of heroin in Fiji in October 2000, Burma authorities reacted to information provided by the AFP that led to the apprehension of the alleged organisers of the Fiji shipment. Through joint cooperation efforts the liaison officer and Burma police identified a second heroin shipment to Vanuatu, resulting in an additional offshore joint operation by the AFP with Vanuatu Police. The liaison officer in Yangon is also contributing to enhancing the law enforcement relations in the region, particularly between Burma and Thailand. The liaison officer in Hong Kong has substantially increased the AFP's capacity for gathering narcotics related intelligence in Hong Kong, the southern provinces of China and Taiwan.

Connection to AFPNET

Funding has been provided to connect all overseas posts to the AFP computer system (AFPNET) with \$3.6 million provided to date, of which \$1.2 million was appropriated in 2001–02. It has been successfully implemented in 19 of the AFP's overseas liaison network posts and in the National Criminal Intelligence Service, London, with the most recent additions at Bogotá, Hanoi, The Hague and Islamabad. Yangon, Dili and Port Vila will be connected over the next few months when the host governments approve the installations.

Connection to the AFPNET has allowed overseas liaison officers to access PROMIS to gain real-time information on operations in their location as well as all other AFP operations around the world. Liaison officers can now advise case officers, wherever they are located, on the most appropriate avenues for local inquiries. Access to AFPNET has also led to high levels of regional cooperation between posts.

AFPNET provides the overseas liaison network with the same secure level of police information exchange as within Australia.

Fraud

The AFP has continued to focus its activities in relation to fraud investigations particularly through the BAA program. While the AFP did not achieve its target with respect to fraud investigations during 2001–02, this was largely a result of the diversion of investigative resources following the *September 11* terrorist attacks. Of the available investigative hours, 21.5 per cent were devoted to fraud investigations compared with a target of 25.3 per cent.

A 1998 paper by the Office of Strategic Crime Assessments stated that fraud in Australia was being influenced by international and domestic developments and cited the driving forces as being the globalisation of markets and commerce, reform of the financial regulatory arrangements and technological innovation. In 2002, these factors continue to influence the types of frauds referred to the AFP by Commonwealth agencies. While the vast majority of Commonwealth fraud offenders have been professionally opportunistic, recent analysis by the AFP has found an increasing number of organised or more complex frauds committed on the Commonwealth. This increase may be explained by the fact that frauds worldwide are becoming more prominent (such as the notoriety associated with Nigerian advance fee frauds). The recent collapse of major companies such as HIH, Froggy and One. Tel within Australia and Worldcom and Enron in the US have heightened public awareness of, and reinforced the need for, more effective corporate regulation and prosecution of unethical business practices.

Identity fraud is one of the fastest growing crimes in the US. In Australia, there has been an increase in the number of people who are circumventing the current identity system through the production of false identities or through the theft of an existing person's identity. The ease and availability of equipment used to produce the types of documents required is the main factor contributing to this increase. There is a potential for increased risk across a wide range of criminal activity, including fraud, tax evasion, illegal immigration and fraudulent claims against government programs.

Another area of potential increase in Commonwealth fraud is outsourcing. However, the risk is no greater than that which existed through previous government control mechanisms, but a higher level of diligence in contracting and control of outsourced functions is necessary.

Technological innovation such as electronic service delivery is already demonstrating its potential to impact on fraud on the Commonwealth to a significant degree. From an investigative perspective, the trail of physical documentary evidence may no longer be available. This will require investigators to develop detailed knowledge of government systems and intelligence in relation to new payment options. Training and education of investigators in departments' computer systems and fraud detection systems will also be necessary.

Overseas crime groups have already had an impact on other fraud types such as credit card and banking institution fraud. In many cases, these groups have come to Australia specifically for the purpose of committing crimes and often leave the jurisdiction shortly after their part of the crime is completed. The major growth area relating to credit card fraud is the skimming of card details.

A number of initiatives were developed to counter these frauds, such as that of the NSW Registry of Births, Deaths and Marriages which developed an online system that facilitates immediate confirmation of validity of a birth certificate, and the Australian Bureau of Criminal Intelligence

(ABCI) pilot which facilitates the exchange of information relating to false identities and identity fraud offenders.

During the year, the Government issued new *Commonwealth Fraud Control Guidelines*, which confirmed the AFP's role in investigating serious and complex fraud and that of the affected agencies in investigating other instances of fraud committed on them.

Significant Achievements

- An investigation into an allegation of failing to declare 907 tonnes of orange roughy fish valued at \$2.36 million resulted in the conviction of five people, including the imprisonment of one. Substantial assets, including fishing vessels, were restrained subject to forfeiture proceedings.
- In February 2000, an operation began with a request for assistance from the ATO in relation to allegations that a construction company had defrauded the ATO by falsifying records for the payment of wages to employees for the years 1993–2000. Subsequent inquiries established that the suspect had failed to remit group tax payments of approximately \$3.2 million. This figure does not include the 1997 financial year, which is currently being assessed. The matter is currently before the courts.
- As a result of a joint investigation with the ATO, more than 27 people were convicted of submitting fraudulent tax returns by abusing the Prescribed Payments System. The offenders – all current convicts in the WA prison system – were sentenced to prison terms and reparation orders for the fraud that was worth more than \$1.8 million.
- In June 2000, a joint investigation began with the HIC into false Medicare claims valued at approximately \$109,000 allegedly submitted by medical receptionists.

In May 2002, one person was convicted of defrauding the Commonwealth and theft. She was sentenced to three years and six months imprisonment (with a non-parole period of 15 months) on the first charge and to three years imprisonment (with the same non-parole period) on the second charge.

- Two other people were convicted of defrauding the Commonwealth. One was sentenced respectively to two years imprisonment, which was suspended immediately on entering into recognisance to be of good behaviour for four years and with a self-surety of \$2,000. The other person was sentenced to 12 months imprisonment, suspended immediately on entering into recognisance to be of good behaviour for three years also with a self-surety of \$2,000.

One person was also ordered to pay restitution to the HIC of \$500. Four other people have pleaded guilty to defrauding the Commonwealth and are to be sentenced on a date to be fixed.

- Between September 1998 and June 2001, a man systematically defrauded the Commonwealth by creating 24 separate identities and claiming Centrelink allowances in these names. The total value of the fraud was \$125,065. The person was sentenced in 2001 and received a four-year sentence with a non-parole period of three years.
- As a result of investigations into a fraud committed on Australia Post, a man faces court on charges of stealing up to \$100,000 by transferring business payments made to Australia Post into his own bank accounts. The man, an Australia Post employee, was suspended from duty and, at the time of writing, the matter was before the courts.
- In a joint ATO/AFP investigation into the illicit tobacco trade, a semi-trailer containing 8,100kg of tobacco leaf with excise payable of \$2.1 million was seized and two people arrested. Further search warrants resulted in the seizure of tobacco, equipment and \$116,000 in cash. A total of 17 people were identified as being allegedly implicated in this operation, several were charged on summons, and others have further charges pending with the additional value of their fraud estimated at \$8 million.

Intellectual Property

The AFP investigates serious or complex criminal offences involving the infringement of intellectual property (IP).

In November 2000, the House of Representatives Standing Committee on Legal and Constitutional Affairs issued its report, *Cracking down on copycats*. Industry submissions to this inquiry claimed, among other things, that Australian law enforcement agencies were not giving the deserved level of attention to IP fraud. The AFP has since closely consulted with industry representatives and relevant authorities from State and Commonwealth agencies.

As a result, the AFP took a leading role in establishing, and now chairs, the Intellectual Property Rights Consultative Group (IPRCG) which was formed in 2001. The IPRCG includes representatives from Customs, NCA, Australian Institute of Criminology, DPP, AGD and a number of State and Territory police services. Representatives from industry include software, music, entertainment, toys, and sporting goods interests. The IPRCG's primary objective is to facilitate and improve communication, the exchange of intelligence and the identification of operational activities, between government and industry. It also focuses on best practice for investigating IP crime and policy.

In March 2002, the IPRCG endorsed the first Crime Management Strategy for intellectual property fraud. This is the first Crime Management Strategy that the AFP has been involved with in partnership with other State and Commonwealth agencies and the private sector. The strategy provides a coordinated response involving partnership with the public and private sectors against those involved in intellectual property crime at local, national and international levels. It recognises a broad enforcement environment in which border control, and civil and criminal action is possible. The AFP appointed an Intelligence Collection Manager for IP crime, whose responsibilities include liaison with operational areas and external agencies/industry, strategic assessments and the preparation of quarterly threat assessments. In February 2002, the AFP's Intelligence Collection Manager attended an Asia-Pacific Economic Cooperation seminar for IP rights experts in Hong Kong.

The following are examples of IP matters investigated during the reporting period.

- A brief of evidence has been forwarded to the DPP relating to the alleged manufacturing and sale of counterfeit Sir Donald Bradman cricket bats and wall plaques. One person has been charged with three counts of recklessly selling goods with false trademarks under section 148 of the *Trademarks Act 1995*.
- The AFP conducted an investigation into alleged copyright offences where Malaysian nationals had been involved in the organised importation and pirating of new release movies for distribution and sale in Victoria. Approximately 35,000 DVDs and items of recording equipment were seized during the execution of several search warrants. This seizure is the largest of this type of material in Australia and disrupted an organised operation with international links. Motion Picture Association representatives expressed their gratitude, stating that initial indications were that the seizures had limited the availability of pirated DVDs in South Australia, New South Wales and Victoria. On 31 May 2002, the offender pleaded guilty to 127 charges of possession and one charge of importing copyright infringing DVDs. The offender was ordered to pay a \$20,000 fine and received a six month suspended

sentence. It was further ordered that all the seized DVDs be forfeited for destruction.

- Police in the ACT conducted a successful operation at the Royal Canberra Show in February 2002. The AFP seized counterfeit sunglasses, perfumes and leather wallets under search warrants. The items seized were cheap goods that had been legitimately imported into Australia and then had counterfeit labels and packaging added at the point of sale. So far, three people have been arrested and charged with selling goods with false trademarks, with three more people to be summonsed to appear in court.

Money laundering

The AFP significantly increased its focus on money laundering during the year from 41,000 to 73,000 investigation hours and came close to meeting its investigational targets. Money laundering and proceeds of crime are closely linked, with the identification, restraint and forfeiture of criminal assets being a key investigational strategy for law enforcement agencies. Under the current *Proceeds of Crime Act 1987*, a conviction must first be obtained before property can be forfeited. The Government has introduced new legislation, the *Proceeds of Crime Bill 2002* allowing for the forfeiture of criminal assets on the civil standard, without the requirement for a criminal conviction.

Money laundering is the process by which criminals seek to legitimise the profits obtained from the crimes they commit. It employs the same tools and techniques as terrorist financing. The AFP places a high priority on the investigation of money laundering and the pursuit of financial intelligence as a means to combat and disrupt organised criminal groups or individuals. Often, it is the trail of funds that leads investigators to those responsible for breaches of Commonwealth and international law.

The increasing sophistication of crime, coupled with Australia's high usage of available technology, means that investigators must remain abreast of developments and trends both nationally and internationally to follow financial trails. These investigations are, by nature, complex and protracted.

To address this issue, during 2001–02 the AFP conducted three financial investigation programs to better equip investigators with the skills required to effectively and successfully manage financial investigations. Financial Investigation Teams (FITs) exist in all major business units and focus on money laundering and proceeds of crime investigations, allowing for the collective expertise of AFP investigators to be centred in key areas.

Trends that have been identified during the reporting period include:

- low-level criminals are used to structure cash in amounts less than the \$10,000 reportable threshold on behalf of syndicates, similar to the use of drug couriers;
- the growing use of remittance dealers who may not comply with requirements under the Financial Transactions Reports Act (FTRA); and
- cash generating businesses are remitting income overseas in order to conceal their taxable income.

In the fight against money laundering, the AFP relies on its relationships with key partner agencies, particularly AUSTRAC and the NCA. Through mechanisms such as the NCA's Agio Task Force, joint money laundering investigations are conducted, where appropriate, and intelligence is shared in order to identify large scale money laundering.

Internationally, the AFP continues to foster a multi-faceted approach to money laundering. The efforts to create an 'unfriendly' environment in which money launderers can operate relies upon close cooperation with the AFP's international law enforcement partners. Through the exchange of intelligence via the AFP's overseas liaison network and funds available under NIDS, the AFP has been able to positively contribute to the development of money laundering expertise and practices within the region. The Government has also introduced new legislation, which modernises the offence of money laundering.

The AFP has continued its strong involvement in the anti money-laundering activities of the Asia-Pacific Group on Money Laundering (APG), the Financial Action Task Force (FATF), the South Pacific Forum Secretariat and regional law enforcement agencies. This involvement has included participation in the review of the FATF 40 recommendations to better deal with terrorist financing. In October-November 2001, the AFP participated for the first time in a mutual evaluation of anti-money laundering measures in the Cook Islands, undertaking this review in conjunction with Japan, Fiji and Hong Kong. This evaluation was considered at the fifth meeting of the APG held in Brisbane in June 2002, which was attended by the Minister for Justice and Customs and representatives of the AFP.

Significant Achievements

- In 1999, the AFP conducted an investigation into a suspected drug trafficker in relation to the importation of cocaine into Australia. In August–September 1999, this person approached a Sydney foreign exchange cash dealer and entered into an agreement, which involved that person exchanging amounts of Australian dollars for US currency and travellers cheques. On each occasion more than \$10,000 was received for an exchange rate less favourable than the market rate, while the transaction would not be reported to AUSTRAC as being more than \$10,000. As a result of this investigation, in November 2001, a cash dealer was fined \$70,000, and the dealer's director sentenced to 10 months imprisonment for the role played in structuring cash transactions to avoid mandatory reporting requirements and failing to report a significant cash transaction. This is the first conviction in Australia of a cash dealer for structuring offences.
- Inquiries conducted during a proceeds of crime investigation revealed a money laundering/forgery/finance scheme that used forged ATO assessments and other documents to facilitate housing loans for clients. The proceeds of crime from drugs and tax evasion were then used to repay loans. In October 2001, an offender was sentenced to a one-year prison term, to serve four months on completion of his current prison sentence. In March 2002, another man was convicted and fined \$6,000 in default of 18 months imprisonment, with 18 months probation.
- During 2001–02, 10 people were arrested and charged with offences including money laundering and excise fraud after a lengthy investigation involving the loss to the Commonwealth in excess of \$18 million. This matter involved close cooperation between Customs, NCA, ATO and the AFP and has effectively disrupted a very organised criminal syndicate. A total of \$5.3 million in assets has been restrained in Australia as part of the investigation.
- In September 2001, the AFP received a suspect transaction report from AUSTRAC. Subsequent inquiries revealed that a 39-year-old North Queensland woman had opened and operated numerous accounts in false names, and applied for loans under those names. It was further revealed that the woman was in receipt of Centrelink benefits to which she was not entitled and made false statements and omissions when filing for bankruptcy. The evaluation identified a myriad of offences allegedly committed by the woman against multiple Commonwealth agencies.

Financing of Terrorism

Internationally, as a result of the terrorist attacks on *September 11*, there have been worldwide moves to better identify and freeze the accounts and financial assets of terrorists and their sponsors. As a result of United Nations initiatives in this area, the Australian Government has taken action to satisfy Australia's international obligations in relation to these initiatives and to support measures implemented in the US.

The AFP is taking a coordinating and leading role in preventing the movement of terrorist funds into, and within Australia. Financial inquiries are ongoing and will be for some time.

AFP teams have been established around Australia to handle local investigations including assisting partner agencies with executing entry and search warrants and conducting interviews and obtaining relevant documentation from financial institutions. An AFP head office coordinating team has also been established, with specialised members seconded to oversee these activities.

Inquiries are also being progressed with a number of overseas police services, Interpol, the FBI and partner agencies including Customs, DIMIA, Department of Defence and ASIO.

Working Group on Australian Financial Controls on Terrorists and Sponsors of Terrorism

The Government has established this working group to coordinate and implement the Commonwealth's financial control initiatives in relation to the blocking of terrorist funds. The working group comprises DFAT, Treasury, AGD, the AFP, ASIO, AUSTRAC, the DPP and the Reserve Bank of Australia.

In December 2001, the Minister for Foreign Affairs gazetted the inaugural listing of proscribed individuals and entities identified by the US as being involved in terrorism and/or the sponsors of terrorism. The working group has prepared a comprehensive explanatory note to assist recipients in fulfilling their obligation(s) under the Charter of the United Nations (Anti-terrorism Measures) Regulations 2001. The AFP played a leading role in drafting the explanatory note and is the agency nominated to receive and analyse information received, and to conduct any appropriate additional inquiries. A dedicated telephone contact number and AFP email address has been established to receive information from banks, financial institutions and the general public flowing from the gazettal.

Report of Australia to the United Nations Counter-Terrorism Committee (CTC)

Pursuant to paragraph 6 of Resolution 1373 referred to above, Australia is required to report to the United Nations CTC on the progress of domestic efforts to disrupt the financial infrastructure of terrorism. The AFP contributed substantially to this report and it is anticipated that the AFP will be called upon to contribute additional material to the CTC in the future.

Proceeds of Crime

Identifying, restraining and forfeiting criminal assets is a key principle in the investigational strategies of the AFP. The AFP operates under the existing Proceeds of Crime Act to secure the forfeiture of the proceeds of crime. This Act requires that before property can be forfeited, a conviction must first be obtained.

The AFP held three financial investigation programs during 2001–02 to enhance investigators'

skills and the AFP's preparedness for the new asset recovery regime.

In the reporting period, the AFP has also cooperated closely with international law enforcement agencies to ensure proceeds of crime were not secured in other jurisdictions. This was best evidenced in September 2001 when the AFP, on behalf of the Commonwealth, accepted a cheque for \$HK 5,636,706 (approximately A\$1.5 million) as recognition for Australia's part in an international drug operation involving the AFP and the Hong Kong Police. This matter dated back to 1992 and serves as an indication of the lengthy cooperation required to combat these criminal groups. These funds were returned to the Commonwealth. The AFP has also recently secured the restraint of funds in several overseas countries, notably Lebanon and Fiji.

Significant Achievements

- In March 2002, a Darwin Supreme Court judge ordered that the fishing vessel of a man convicted on five charges of defrauding the Commonwealth be sold to satisfy a pecuniary penalty order. Over a two-year period beginning in 1996, the man had claimed \$100,000 in diesel fuel rebates to which he was not entitled, on the basis he was involved in fishing operations. However, after an investigation by the AFP and Customs, it was shown that his boat had not left dock for long periods of time and that the man was often overseas on dates that coincided with rebate claims.
- As a result of a major investigation into the systematic income tax fraud of at least \$400,000, a brief of 101 files was prepared against two suspects. Action has been taken under the Proceeds of Crime Act to restrain assets belonging to one of the suspects as it had been established that he invested in property and businesses. ITSA took effective control of two businesses and took possession of other assets. Further restraining orders are being sought for other assets identified as a result of the AFP operation.
- A Brisbane man, jailed for five years for defrauding the Commonwealth as a result of a joint AFP-ATO investigation, was ordered to hand over properties and vehicles worth \$350,000 as part of a pecuniary penalty order of more than \$1 million issued in the District Court in October 2001. A 32-year-old Brisbane man was charged with defrauding the ATO of more than \$1 million in computer sales tax. The assets forfeited included two residential units, a BMW motor vehicle, a Toyota Hi Lux motor vehicle and cash.
- A joint investigation between the AFP and the ATO resulted in the arrest of a man in relation to GST compliance offences. It was alleged that the man systematically defrauded the ATO of GST using a series of false names and false bank accounts. In June 2002, the offender was sentenced to four years imprisonment, with a 22-month, non-parole period and a \$10,000 fine. A forfeiture order for \$515,276 was made.
- In August 2001, the HIC requested the assistance of the AFP in the investigation of assets belonging to a man accused of fraudulently obtaining \$800,000 in Medicare benefits. Assistance was also sought in locating these assets and the tracing of monies withdrawn from accounts into which the benefit payments were made. As a result, the AFP's FIT identified and obtained restraining orders over assets to the value of \$500,000. The restraining order is currently the subject of a contested claim prior to statutory forfeiture.

Electronic Crime

Developments in information and communications technology (ICT) are increasingly impacting on legitimate and illegitimate activity within society. Existing investigative models and legal frameworks are challenged by the speed and cross border nature of modern criminal activity. Concerns over the impact of technological developments on government and law enforcement's ability to contribute to a safe and secure society have resulted in a range of national and Commonwealth initiatives.

Commonwealth and national initiatives

The ability of law enforcement agencies such as the AFP to effectively investigate electronic crime requires a strong legislative and cooperative framework. The AFP is represented on a number of groups that are currently examining these requirements.

These are:

- the Action Group into the law enforcement implications of Electronic Commerce (AGEC), which was convened by the Heads of Commonwealth Operational Law Enforcement Agencies (HOCOLEA). During the reporting period, the AFP was an integral part of an AGECE sub-group, which worked with the Internet Industry Association to develop a code of practice for Internet Service Providers (ISPs). This code is directed at minimum record keeping standards for ISPs and appropriate support of law enforcement (and other agency) investigations;
- the Police Commissioner's Conference E-crime Project, which is to devise and action a national strategy for addressing electronic crime. The AFP, a member of the steering committee, is responsible for progressing relevant areas of the Electronic Crime Strategy workplan, and chairs the E-crime Law Reform Working Party; and
- the E-Security National Agenda, which is a Commonwealth initiative directed at achieving a secure and trusted electronic operating environment, in part through the identification and protection of the National Information Infrastructure (NII). The AFP is a member of the two major inter-departmental working groups that were created to underpin Commonwealth e-security arrangements, these being the E-Security Coordination Group and the Critical Infrastructure Protection Group (CIPG).

A major component of the E-Security National Agenda is realising coordinated arrangements for protection of the NII. The key functional groupings of the NII are telecommunications, banking and finance, transport and distribution, energy and utilities, information services, and other services including defence and emergency. The AFP's role is to respond to any critical NII issues or incidents; respond to and analyse non-critical incidents; identify any related activity which may constitute a critical NII issue; and identify strategic issues and trends.

The AFP received \$200,000 in this financial year to support this activity. This funding ensured the continuation of the NII incident analysis and response role within the AFP's head office. This role provides specialist assessment and advice on electronic crime referrals received by the AFP and coordinates analysis and related activities with other agencies responsible for protection of the NII. The AFP has also entered into formal joint operating arrangements with the ASIO and the Defence Signals Directorate for the purpose of supporting this function, through national and international threat and vulnerability assessments, analysis and response.

The AFP has also worked extensively with its partner agencies in e-security to ensure the continuation and expansion of these arrangements. To support expansion of its NII incident analysis and response capacity, the AFP bid for additional funding in the 2002–03 Budget process. This has resulted in the AFP being granted supplementary funding of \$6.8 million over four years from 2002–03.

This new funding will ensure that the AFP can continue to meet its obligations under the E-Security National Agenda. Specifically, the funds will provide additional members in NII incident

analysis and response; e-security intelligence analysis; electronic forensic support; and tools development. The staffing component will be supported by complementary investment in equipment, training, and research and development.

International

To enhance existing methods of obtaining international assistance in relation to high-tech crimes, the G8 Subgroup on high-tech crime established a 24-hour point of contact network. The AFP (National Operations Monitoring Centre) is the central point of contact for Australia. The AFP is also a participant in Interpol's Central Reference Point regime for computer-related crime.

AFP initiatives

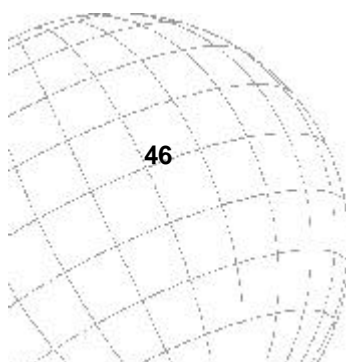
The AFP has developed a training program to improve the electronic crime investigation skills of its members. This Tier 1 training program, which covers investigative and information gathering techniques, and basic forensic procedures for searching for and seizing information from electronic media, was delivered to approximately 123 personnel, with another 30 currently enrolled. The AFP is currently considering the requirements for the next level of training, which will incorporate investigative and electronic forensic skills, and is due to commence by January 2003.

During the reporting period, the AFP provided training in relation to the provisions of the Cybercrime Act. The measures in the Act impact directly on the AFP's operations, through the replacement of the Crimes Act computer offences and by enhancements to Crimes Act search warrant powers. The AFP conducted a two-day seminar to examine its role in relation to electronic crime, with key Commonwealth, State and private sector partners and stakeholders invited to provide their perspective on the AFP's role. The workshop assisted the AFP in its planning processes for meeting current and emerging challenges associated with information and communications technology.

Electronic Crime Referrals

The AFP receives electronic crime referrals from a range of sources including international law enforcement agencies, government departments, organisations, companies and individuals. The AFP received 296 referrals in 2001–02, approximately 58 per cent of which related to child pornography and paedophilia activity on the Internet. Of these referrals, 30 per cent was from the Australian Broadcasting Authority (ABA) regarding potentially prohibited Internet content based outside Australia. The next most common type of electronic crime referral to the AFP involved intrusions or unauthorised access to computer systems (hacking), which represented seven per cent of total referrals. Denial of service attacks and referrals relating to Internet viruses accounted for five per cent of referrals.

Other types of electronic crimes referred to the AFP included threats, harassment and stalking over the Internet, fraud, intellectual property, piracy and counterfeit offences and the sale of illegal items via the Internet.



Significant Achievements

- The AFP executed several search warrants as part of an international operation targeting syndicates responsible for pirating millions of dollars worth of copyrighted software, games, music and digital videos in December 2001. The persons targeted were alleged to be key members of major international Warez groups – activists who obtain, crack and distribute copyrighted material over the Internet. The operation caused significant disruption to the Warez community, with a number of groups ceasing operations. The Motion Picture Association of America stated the number of pirated software Internet sites of all types declined by 45 per cent after the operation.
- In July 2001, the UK National Crime Squad referred information on a number of Internet users involved in the distribution of child pornography via the Internet to the AFP as part of an international investigation. After identifying the individuals, the AFP coordinated the participation of various state law enforcement agencies in an 'international day of action' in November 2001. Following the coordinated execution of search warrants around the world, a number of individuals were charged. UK authorities also subsequently identified a victim of physical abuse located in Australia.
- In May 2002, a Cairns man was sentenced to six months prison (to serve two months with three years good behaviour) in a case relating to ongoing telephone threats against the Child Support Agency (CSA) that culminated on 12 September 2001, when the man made implied threats to fly a plane into the CSA offices in Townsville.
- Prior to the last Federal election, the AFP investigated the 'jamming' of a number of Liberal Party telecommunications services. A large volume of calls were repeatedly being made to a number of Liberal Party office switchboards, causing a denial of service impact on the telephone systems of these offices. Inquiries to identify the numbers responsible for calling the Liberal Party switchboards identified several SIM cards (phone numbers) that had been subscribed in false names and several handsets that had previously come to notice in relation to similar activity against the office of the Chief Minister of the Northern Territory. In May 2002, the offender pleaded guilty and was convicted of seven charges of hindering a telecommunications device. He was ordered to perform 60 hours community work and a forfeiture order was issued on 22 mobile phones and SIM cards. He also received a 12-month good behaviour bond without conviction on charges related to drug possession.
- In June 2002, a US judge sentenced an Australian citizen to 15 years and eight months imprisonment and another person to six-and-a-half years imprisonment as a result of a US investigation into the illegal importation and distribution of prescription drugs in the US. AFP members assisted US investigators in this matter, with the AFP receiving recognition for its efforts.

Special References

The AFP receives a number of referrals from government and Commonwealth agencies, which are of a sensitive nature and have the potential to adversely impact on good government. Referral of these cases to the AFP for investigation is usually made at Ministerial or Chief Executive Officer level in accordance with the *Commonwealth Fraud Control Guidelines*.

During the reporting period, 38 referrals were received by the AFP's Canberra-based Head Office Investigation (HOI) Team and a further 23 matters were continued from the previous financial year. Of those 61 investigations, 45 were of a sensitive nature. Of those 61 investigations, 41 were finalised and three are currently before the courts. These matters included investigations of serious fraud, theft, sexual assault, unauthorised disclosure of information, electronic crime, procurement of weapons, war crimes and corruption. The AFP also assisted other agencies with reviews of investigations, mutual assistance and investigative advice.

Unauthorised disclosures of information usually result from non-adherence to the *Commonwealth*

Protective Security Manual requirements relating to document management. These include: draft secure documents not being handled as secure documents; a lack of staff training in procedures and non-adherence to best practice principles for management of secure documentation; unlimited or unsupervised access to secure storage facilities; unaccountable photocopies of classified documents being made; and use of shared directories for briefing papers and associated notes.

Unauthorised disclosures of information typically involve the leaking of Cabinet-in-Confidence or National Security documents to interested parties such as journalists. The impact of these unlawful disclosures can range from causing some embarrassment to department heads or ministers, to compromising the security arrangements and partnerships that Australia is actively involved with. An investigation currently being conducted within HOI relates to the unauthorised disclosure of Defence intelligence to the media. Should this disclosure have occurred as alleged, it has the potential to cause grave damage to Australia's national security, compromise Australia's intelligence capability and the confidence of intelligence partners in the AFP's ability to protect their information, in addition to damaging international relations.

Other AFP tasks, which exemplify the diverse activities undertaken, include: investigations into corrupt Commonwealth officers; whether serving Members of Parliament have fraudulently obtained benefits to which they were not entitled; and allegations that foreign diplomats have conducted sexual offences in Australia. The AFP has also been involved in investigating instances of politically motivated violence and terrorism. Cases in this class have included investigating explosives and hoax biological material sent to Parliament House, in addition to assisting national and international intelligence agencies investigate whether Australian citizens are supplying material overseas for use as biological or chemical weaponry.

Matters investigated included the following referrals:

- in January 2002, a matter was referred to the AFP from the Treasury regarding a suspected fraud of \$1.049 million. Following the execution of a search warrant on a private residence, a man was arrested and charged with an offence under section 29D of the Crimes Act. The man is to appear in court in October 2002. Prior to his arrest, the suspect had repaid the entire principal amount that had been transferred to his account. Action is also underway to recover any proceeds of crime;
- in March 2002 the AFP commenced an investigation into whether false Comcar records had been provided to a Senator. The matter required inquiries with a variety of people and agencies in Canberra and Sydney. After a Brief of Evidence was prepared, the DPP found that there was insufficient evidence for a criminal action to be initiated against any person;
- the AFP investigation into allegations of fraud involving a Federal member misusing parliamentary air travel charter entitlements was finalised in January 2002. An extensive investigation revealed the existence of an informal frequent-flyer scheme, which the Member of Parliament used to travel within his electorate. This investigation revealed no criminal conduct to support a criminal prosecution; and
- during July 2000, the Department of Defence referred a matter to the AFP relating to unauthorised disclosure of classified material. The AFP charged a former Defence Intelligence Organisation employee, with espionage offences. The prosecution of the man has to date seen two trials being aborted with a third due to start in October 2002. The man

has pleaded not guilty to passing classified information to a woman in July 2000 with the intention to prejudice the safety or defence of Australia and that it be useful to a foreign power.

People Smuggling

In responding to the Supplementary Ministerial Direction of 27 September 2000 which requires the AFP to give special emphasis to countering or otherwise investigating organised people smuggling and to contribute to the implementation of the whole-of-government approach to unauthorised arrivals, the AFP has taken action to combat illegal immigration to Australia through:

- investigations of the Joint AFP-DIMIA People Smuggling Strike Team (PST); and
- a number of major people smuggling related investigations and numerous investigations of the crews of vessels transporting unauthorised arrivals to Australia undertaken by AFP business units.

The PST comprises 15 members (10 members from the AFP and five members from DIMIA). In 2001–02, the PST was allocated \$2.273 million, with funding of \$0.434 million provided for an additional liaison officer position in Jakarta, and \$1.293 million for the expansion of the LECP.

During the reporting period, the Australian National Audit Office (ANAO) undertook an audit on the Management framework for preventing unlawful entry into Australian Territory, which sought to assess DIMIA's management of offshore measures to prevent and detect unlawful entry and to identify opportunities for any improvement (see page 97 for more details of this audit).

The 2001–02 year was a successful one for the PST, but this success continues to be offset by some problems, particularly Australia's inability to extradite persons from such significant people-smuggling transit locations as Indonesia and Malaysia because of a lack of appropriate legislation in these countries that could be cited for extradition requests for dual criminality with Australia.

These problems may be alleviated by ongoing dialogue between Australia and countries that attended the Regional Conference on People Smuggling and Related Transnational Crime (the Bali Ministerial Summit) in Bali in February 2002. This conference was jointly chaired by the Foreign Ministers of Australia and Indonesia and was attended by representatives of 38 countries, a number of observer countries, and organisations as diverse as the World Bank and the United Nations Development Program.

The Conference outcomes were supportive of Australia's efforts to address people smuggling initiatives. Outcomes included bipartisan approval of such actions as localised and regional discussions aimed at enabling countries to enact legislation that criminalises people smuggling and trafficking, and the enhancement of the network agreements between financial intelligence units which enable the region to better combat money laundering.

DFAT has appointed an Ambassador for People Smuggling who is responsible for coordinating Australia's contributions to the outcomes of the Bali Ministerial Summit. The AFP has appointed a project manager, who is a full-time member of the DFAT Inter-Departmental Committee working with the Ambassador for People Smuggling. The AFP will contribute by:

- continuing a joint AFP/Royal Thai Police People Smuggling Investigation Team located in Bangkok with a seconded full-time federal agent;
- seconding a federal agent to the International Law Enforcement Academy, Bangkok, to assist with designing and delivering basic investigative programs;
- sponsoring the Second Asia Region Heads of Criminal Intelligence Working Group meeting in Kuala Lumpur in August 2002; and
- designing and delivering border control training in partnership with DIMIA and Customs for Pacific Island countries.

On 14 June 2002, cooperation between Australia and Indonesia was further strengthened with the adoption of an MOU between the AFP and the INP. The MOU provides a framework for ongoing law enforcement collaboration in preventing, investigating, disrupting and dismantling transnational criminal activity impacting on either or both countries. Discussions arising from the MOU will act on many of the outcomes from the Ministerial Summit.

The PST's activities during 2001–02 could not have been successful without the support of the AFP's overseas liaison network. This network was crucial in the exchange of intelligence and information with relevant overseas agencies and the coordination of operational activity in investigations of transnational criminal activity. Similarly, the continuing use of the LECP to foster and support liaison and operations in relation to people smuggling has added to the AFP's international goodwill and operational success.

The location in Indonesia and Malaysia of a federal agent dedicated to combating people smuggling was a significant factor underpinning a number of law enforcement operations by the AFP and partner agencies overseas. Similarly, the short-term tactical placement under the auspices of the LECP of a federal agent in Pakistan provided the AFP and its partners with valuable intelligence concerning people smuggling activities and their impact upon Pakistan and Southwest Asia more generally.

The AFP has built upon unique and fledgling relationships established in the previous year to focus on people smuggling and transnational crime in source countries such as Iran. The AFP has provided Iranian authorities with intelligence training and software during the reporting period that can be used not only for people smuggling investigations, but other serious transnational offences such as narcotic trafficking.

The AFP's dual focus in strategically addressing people smuggling activities in source countries and on tactical operational issues in such countries as Indonesia (where it has placed officers) has provided it with unique intelligence insights. These insights have enabled the AFP to effectively formulate operational and culturally appropriate responses to people smuggling with foreign and domestic partners agencies.

There have been a number of arrests, by overseas law enforcement agencies, of people associated with unauthorised boat arrivals to Australia. Although these countries lack appropriate legislation that could be cited for Australian extradition requests, they have successfully directed attention to the domestic impact smugglers have on their respective criminal justice systems. For example, the INP has arrested four people, alleged to be ... for the organisation of a suspect illegal entry vessel that sank with a large loss of migration specific charges.

In February 2002, Australia announced that it would help the INP to patrol the thousands of kilometres of Indonesian coastline serving as havens for people smugglers. In the 2002–03 Budget, an additional \$1.5 million over four years was provided to the AFP for five boats for use by small units within the INP. These boats will patrol extensive areas within Indonesian waters in order to prevent illegal immigrants leaving Indonesia.

The PST and the AFP overseas liaison network have supported these activities by providing intelligence and information. The actions of overseas law enforcement agencies have contributed to a significant reduction in the flow of intending illegal immigrants through transit countries on the route to Australia.

Table D: Unauthorised arrivals in Australia

Year	Boat	Air	Total
1999-2000	4 175	1 695	5 870
2000-01	4 137	1 508	5 645
2001-02	1 212	1 193	2 405

The AFP's international success has been complemented by the closer relationships developed with Commonwealth partner agencies participating in a whole-of-government approach. The Australian Government's 'Pacific Solution', combined with the international cooperation measures referred to above, have been largely responsible for the cessation of illegal boat arrivals in Australia between August 2001 and June 2002.

It is anticipated that the current Commonwealth success in preventing, deterring and arresting those involved in seaborne people smuggling will drive people smugglers to either evolve new methodologies to evade detection or to return to more covert means of illegal arrival in Australia (such as more sophisticated visa/boarding card systems, container shipping and crew fraud). The PST has noted an increasing prevalence in offence areas such as intimidating and suborning witnesses and has started investigations into suspected instances.

It is also possible that people smugglers based in countries such as Sri Lanka may attempt to sail directly to Australia. Current problems in South Asia could also have a push effect for people to travel to Australia. It is anticipated that counter-terrorist considerations will be even more relevant to people smuggling activities in the coming year due to the anticipated increase in the collection of intelligence and investigations against terrorist activity.

Significant Achievements

- In October 2001, members of the PST arrested a man at Perth Airport who is alleged to be a high-ranking member of an international syndicate involved in smuggling large numbers of people from the Middle East to Australia. The man, a Palestinian, was charged with 34 people smuggling offences under the *Migration Act 1958*. The alleged offences relate to the arrival of approximately 1,700 people aboard 17 vessels that have arrived in Australia since late 1999.

The PST has been investigating the alleged activities of the suspect for approximately two years.

- In June-July 2001, the PST supplied intelligence to other agencies in relation to a planned attempt by a people smuggling syndicate to send a large group of illegal immigrants from Cambodia to Australia. One of the principal members of this syndicate was a target of the PST. Although not the sole source of intelligence in relation to this activity, AFP intelligence was a key element. In December 2001, the Municipal Court of Phnom Penh found the PST target and six other people guilty of offences under Cambodian immigration law and sentenced them. Following the deportation of the PST target from Cambodia in December 2001, he was provisionally arrested in Thailand pending a formal extradition request from Australia. The Australian arrest warrant alleges that the suspect was associated with the organisation of two boats in March and April 2001 carrying more than 396 unlawful non-citizens to Australia.
- In August 2001, the AFP began an investigation into the arrival in Australian waters of a vessel with 434 people aboard. The MV *Tampa* rescued those aboard and they were subsequently transferred to Nauru and New Zealand. The crew was identified and four people were charged with facilitating the unlawful entry of non-citizens.
- From 1 July 2001 to 24 September 2001, the AFP Darwin office investigated the arrival of six suspect illegal entry vessels. These six investigations led to the arrest and prosecution of 28 Indonesian nationals for people smuggling offences. Twenty-four of these men were sentenced to an average of 3.28 years imprisonment with the remaining four men awaiting sentencing. Some of these men were multiple offenders and were sentenced to as much as seven years imprisonment. These six vessels contained 906 suspected unlawful non-citizens. The suspected unlawful non-citizens from three of the vessels were detained and processed in immigration detention centres in Australia. The suspected unlawful non-citizens from the remaining three vessels were sent to Nauru for processing in accordance with Australian Government policy. For the remainder of the 2001–02, no further suspect illegal entry vessels have arrived from Indonesia for processing in Darwin.
- In May 2001, four Indonesian crew members were sentenced in the Supreme Court of the Northern Territory in relation to the interception in August 2001 of a vessel which had 225 suspected unlawful non-citizens on board. One crew member was sentenced to five years imprisonment with a non-parole period of two years and six months. The remaining crew received three years and six months imprisonment with a non-parole period of one year and nine months.
- In the reporting period, more than 16 people smuggling cases were taken up by Western Operations. This priority area of investigations into the arrival of suspected unlawful entry vessels at Christmas and Cocos (Keeling) Islands and Ashmore Reef has resulted in 57 apprehensions since July 2001. The investigations have involved considerable travel by members to the extreme north of Australia, external territories and overseas. Subsequent prosecutions of people smuggling offenders has disrupted the arrival of suspected unlawful vessels and non-citizens, in line with the priority allocated these issues by Ministerial Direction and the increased penalties enacted by parliament.
- In April 2002, two people were arrested at Bangkok Airport in relation to passport irregularities. They were subsequently charged with entering Thailand on false passports and sentenced to two months imprisonment. One of those people is alleged to be a major Indonesia-based people smuggler of Iraqi ethnicity under investigation by the PST. Arrangements have been initiated to extradite the suspect to Australia, with it being alleged that he was responsible for the bringing of 290 people aboard two vessels to Australia in 2001.
- In June 2002, two Chinese national crew members of the vessel MV *Kiwi Trader* were sentenced to three years imprisonment (the maximum sentence), to serve 18 months after pleading guilty to people smuggling offences. The charges related to bringing two unlawful non-citizens to Gove, in the Northern Territory in January 2002. The two smuggled men have since returned to China.

Environmental Crime

The AFP achieved its investigational targets with respect to environmental crime.

Environmental crime has the capacity to seriously harm the economy and the environment of the Australian and international communities. The AFP recognises its role in the protection of the environment by preventing, deterring or prosecuting serious or complex environmental crime through the effective enforcement of Commonwealth legislation.

Components of the AFP's Environmental Crime Management Strategy include biodiversity conservation, heritage protection and air, land and water pollution. These areas encompass a very broad range of offences, including: international trade in endangered species of flora and fauna; the importation and exportation of hazardous biological material; those relating to World Heritage listings and historic shipwrecks; and to emissions, discharge or dumping of hazardous substances.

In January 2002, the *Wildlife Protection (Regulation of Exports and Imports) Act 1982* was repealed and its provisions (with amendments) incorporated into the *Environmental Protection Biodiversity Conservation Act 1999*. These changes streamline the wildlife trade requirements for individuals and organisations and provide greater transparency about the workings of Australian wildlife trade laws and international obligations. AFP members will continue to be authorised to act as inspectors under wildlife trade provisions of the new legislation, with Environment Australia providing training to AFP members as required.

The AFP has also instituted basic level training in environmental law awareness, which has been delivered to members completing their probationary year. This training covers the historical and social context of environmental law and AFP responsibilities.

In December 2001, the Deputy Commissioner presented the keynote address at a conference hosted by Environment Australia; *Combating Wildlife Crime in the 21st century*.

Examples of current environmental crime investigations include:

- an assessment made by Western Operations of the threat posed by theft of unrecovered silver coins from the wreck of the *Zuytdorp*, one of four Dutch shipwrecks located off the coast of Western Australia. The ships and their contents are protected by the *Historic Shipwrecks Act 1976*;
- a Tasmanian Environmental Intelligence Catchment Plan was developed, which identified the prevalence of environmental crime, respective State and Commonwealth jurisdictions and the role of the AFP in the investigation of serious and complex Commonwealth offences. Development of the plan involved extensive consultation with relevant government departments and the Tasmanian Police, issue motivated groups, political parties and other environmental groups. As a result of the Catchment Plan, a better understanding of the respective roles of agencies and other groups was achieved and a report on environmental crime in Tasmania was prepared;
- the quartermaster and the second officer of a Korean registered bulk carrier were arrested on 22 November 2001, after an investigation by the AFP and officers from the Australian Maritime Safety Authority, into a collision between a deep-sea prawn trawler and a north bound bulk carrier. The men were charged under the provisions of the *Navigation Act 1912* with failing to maintain a proper lookout, failing to determine the risk of a collision, failing to keep out of the way of another vessel being overtaken and failure to keep out of the way

of a vessel engaged in fishing. The men pleaded guilty and received fines of \$3,000 and \$1,500 respectively; and

- on 10 January 2002, federal agents charged the master of a Greek registered vessel with entering a prohibited area of the Great Barrier Reef Marine Park, following an investigation by the AFP, Great Barrier Reef Marine Park Authority (GBRMPA) and Queensland Parks and Wildlife Service officers. This is the first instance of a person being prosecuted under the *Great Barrier Reef Marine Park Act 2001* since this environmental legislation came into effect on 19 July 2001. The man pleaded guilty and was convicted and fined \$10,000, in default six months imprisonment.

Transnational Sex Offences

The AFP remains committed to discharging its Commonwealth responsibility for international aspects of transnational sex offences through the *Crimes (Child Sex Tourism) Amendment Act 1994*. While paedophile and child sex offence investigations continue to be considered as part of the AFP's core business activities, State and Territory police services have primary responsibility for the investigation of paedophilia activities within Australia.

Transnational sexual offences are sometimes very difficult to investigate successfully, because often they have occurred overseas, in countries not equipped to deal procedurally with these types of investigations.

The AFP continually reviews its intelligence holdings with a view to targeting possible offenders and the overseas liaison network is integral to this initiative. The AFP gives priority to the investigation of people suspected of travelling overseas for the purposes of undertaking paedophiliac activity and relays identified travel movements of such people to host countries so that they can take investigative action.

The AFP continues to support the ABCI by providing information on transnational sexual offences, including child pornography, for uploading on to the national criminal intelligence database accessible to all Australian law enforcement agencies.

Significant Achievements

- The AFP conducted an investigation into an allegation of child sex offences committed in 1999 by an Australian citizen while working in the Philippines. The alleged offender was on parole at the time of the alleged offences for convictions of child sex offences committed in Queensland. In June 2002, the offender was sentenced on the first count of sexual conduct with a child under 16 years-of-age, to three years imprisonment, for the second and third count of sexual conduct with a child under 16 years-of-age, to 18 months imprisonment for each count to serve a minimum of 18 months with these sentences to be served concurrently. In relation to the charge of possession of child pornography, the offender was sentenced to 18 months imprisonment for a fixed term, also to be served concurrently.
- In August 2001, a man was arrested by the AFP and charged with offences against the Child Sex Tourism Amendment Act, as well as a number of State and Customs charges to do with the importation and possession of offensive material. The investigation began in May 2001 when Customs intercepted a parcel from the Netherlands. In November 2001, he was sentenced to six years imprisonment for two charges of indecent dealings with minors and 12 charges of importing classified material.
- In March 2002, the AFP arrested a 29-year-old Woodridge man following a joint investigation with the US Postal Investigation Service into the alleged purchase of videotapes containing child pornography. The Queensland Police Sexual Assault Unit assisted in the investigation. As

part of the AFP's strategy to work with overseas law enforcement agencies to combat international crime, the AFP's liaison officer in Washington worked closely with the US Postal Investigation Service to effect the arrest in Australia. This was the first instance of a controlled delivery being used for a matter other than illicit drugs. On 1 July 2002, the man was sentenced to nine months imprisonment suspended for two years with a \$3,000 recognisance.

Maritime Safety Incidents

On 16 August 2001, a protocol for the investigation of maritime incidents was signed by the AFP, Australian Maritime Safety Authority and the Australian Transport Safety Bureau. The protocol identifies three tiers of maritime incidents and the respective investigative roles and responsibilities of the three agencies in relation to these incidents.

During the reporting period, the AFP's Sydney office conducted an investigation into a marine vessel, which allegedly damaged a submarine cable (Southern Cross cable segment) approximately 20km from the Clovelly landing point in Sydney. This matter was subsequently determined to be an accident that resulted from the vessel's anchor being loosened during a storm at sea, causing damage to the submarine cable.

Detention Centres

The AFP's role at immigration detention centres is to investigate referrals of serious or complex criminal activity within centres in accordance with the provisions of the AFP's Service agreement with DIMIA which was signed on 1 February 2002 and consistent with the AFP's section 37 (2) Ministerial Direction. The AFP has no role in providing security at immigration detention centres and is not resourced or trained to provide crowd control outside centres in the event of major disturbances or demonstrations.

The AFP is currently negotiating with DIMIA and the NSW Police regarding the development of a protocol that identifies the respective roles and responsibilities of the agencies in relation to the provision of policing services at Villawood Immigration Detention Centre in Sydney.

During the reporting period, the AFP investigated a number of serious or complex incidents at immigration detention centres around Australia. In the case of the Woomera Immigration Reception and Detention Centre (WIRPC) and the Port Hedland Immigration and Processing Centre, this has resulted in a significant commitment of limited AFP resources. This has inevitably impacted on the work that can be undertaken by Adelaide office and the AFP officer located in Port Hedland.

Referrals from the WIRPC accepted for investigation include arson, serious assaults, serious criminal damage and the investigation of possible criminal conspiracy in relation to escapes from the Centre. The AFP also organised and facilitated an operational debrief of all stakeholders involved in a major incident at the WIRPC during Easter 2002. The debrief sought to develop a coordinated response to this type of incident in the future and included representatives from the South Australia Police, the AFP, APS, DIMIA and AGD.

In recognition of the high quality service provided by the AFP, the Adelaide office received a letter of appreciation from the Minister for Immigration Multicultural and Indigenous Affairs for its response to serious disturbances at the WIRPC during December 2001-January 2002.

The AFP conducted a joint investigation with DIMIA into the escape in July 2001 of 46 detainees from the Villawood Immigration Detention Centre in Sydney. The focus of the AFP was to

ascertain if there was a criminal conspiracy by any person outside the Detention Centre assisting the escape of the detainees. By 30 June 2002, 11 escapees had been recaptured.

Other Matters

The AFP also investigates a range of other Commonwealth crimes. During the year these included:

- an investigation into a number of Indian nationals who were in possession of Australian passports that had been fraudulently obtained using false identification documents. This matter involved the lodgement of 108 applications for passports from which 85 were issued. Five men were arrested and charged with offences relating to false passports and bank accounts. Various sentences were received, including good behaviour bonds, fines and a suspended sentence. Three of the men were subsequently deported and \$6,816.80 in assets was also forfeited;
- in November 2001, a 50-year-old Brisbane man appeared in the Brisbane Magistrates Court in relation to placing a suspicious article in front of AFP's Brisbane office. The parcel was originally suspected of being a bomb and the building was evacuated. The man was subsequently convicted of trespass on Commonwealth premises and placed on a two-year good behaviour bond;
- in August 2001, four British men arrived in Sydney from Singapore, one of whom was in possession of \$600,000 of counterfeit Australian \$100 notes. The man in possession of the counterfeit currency was arrested;
- since November 2001, the AFP had been investigating a number of counterfeit \$50 and \$100 notes tendered within the Perth metropolitan area. Investigations revealed a number of consistencies, including the use of the same two serial numbers and descriptions of both a vehicle and a number of individuals. Crime Stoppers was also used to alert the public regarding the counterfeit currency over the holiday period. As a result of a series of investigations, nine offenders were arrested, charged and convicted since December 2001. The charges were predominantly possessing and uttering, with one offender charged with making counterfeit money. Two of the other offenders were sentenced to 26 months imprisonment between them, with outstanding WA Police Service matters contributing to their sentences. The remaining seven offenders were convicted with penalties of fines and suspended sentences being assigned. A further two men were charged with similar offences. Their matters are currently being assessed by the DPP.

Assisting Commonwealth and Other Agencies

During the reporting period, the AFP continued its program of negotiating service agreements with key agencies, signing agreements on 1 February 2002 with DIMIA and on 12 February 2002 with the Australian Electoral Commission. As reported previously, service agreements represent a considerable advance on MOUs with agencies, as they specify the range and level of services to be provided by the AFP, the respective responsibilities of the agencies, and the measures and targets to be used to assess AFP's performance. In the 2001 Client Satisfaction Survey, a large number of respondents commented on the improvement in AFP service delivery in the past 12-18 months, with service agreements identified as a major factor for this improvement.

A number of agreements or protocols were entered into with client agencies during the year

including those with:

- Customs and the NCA regarding shared access to intelligence databases (July 2001);
- the Australian Maritime Safety Authority and the Australian Transport Safety Bureau for the investigation of maritime incidents (August 2001);
- Australasian Correctional Management Pty Ltd regarding exchange of information (October 2001);
- Australian Quarantine Inspection Service (AQIS) regarding controlled operations (December 2001);
- the Department of Finance and Administration for the provision of information to the AFP investigations of departmental matters (December 2001); and
- the ABA on the exchange of information concerning prohibited and potentially prohibited Internet content hosted outside Australia (January 2002).

During the reporting period, the service agreements with ITSA and DFAT, which were signed in 1999–2000, were reviewed and renewed for a further two years. Service agreement negotiations also began with ASIC and the ATO. An agreement will be finalised this financial year with the ABA regarding the investigation or handling of notifications of prohibited Internet gambling content.

Within the ACT, ACT Policing investigates crimes against the Commonwealth and the protection of the Commonwealth's interests for Outcome 1. During the reporting period, negotiations began on the development of a service agreement between ACT Policing and National Office in respect to the provision of these services for Outcome 1. It is expected that the agreement will be finalised in the new financial year. An example of Commonwealth investigations undertaken by ACT Policing is given in the fraud section of this annual report, under *Significant Achievements*. The AFP has also continued to work with Commonwealth agencies in joint investigations to more effectively leverage its resources and better use agencies' knowledge of their legislation and programs. As reported in the 2001 Client Satisfaction Survey, a large number of respondents commented favourably on the positive and proactive way in which the AFP was implementing joint investigation teams with its clients.

Agencies with which joint investigations were conducted included: Australia Post, Customs, ATO, Centrelink, DIMIA, GBRMPA, HIC, ITSA and the NCA. During the reporting period, officers from Customs and DIMIA were 'in posted' to AFP's Northern Operations to enhance the investigative capacity of both agencies. The AFP also participated in joint investigations with non-Commonwealth agencies, including the State Police Services and the then Criminal Justice Commission (Queensland). The AFP has also continued to work closely with agencies such as Customs through such means as the AFP/Customs Joint Targeting Team, which is based at Customs in Port Adelaide, and the AFP/Customs Joint Surveillance Team in Adelaide, which has operated since 1 June 2000.

The AFP assists other Commonwealth agencies to develop a capacity for dealing with those matters that fall within their responsibility under the Commonwealth Fraud Control Guidelines, by outposting AFP members to agencies. This program gives agencies access to AFP expertise and facilitates the mutual transfer of skills and knowledge between agencies. The presence of these agents also provides ready access to police powers, such as the execution of search warrants

and arrests. The outposting of members to agencies has enabled the AFP to better leverage its relatively small pool of trained and experienced investigators, and has resulted in a decrease in the number of matters being rejected by the AFP for investigation. The AFP offers two types of outposting: Type A, which are in the national interest, and Type B, which are primarily of benefit to agencies and which are negotiated on a cost recovery basis.

During the reporting period, the AFP continued to outpost members to Commonwealth and other agencies in accordance with its national strategy. A total of 79.5 members were outposted to 14 agencies compared with 88 members to 18 agencies in 2000–01 (excluding those members in the external territories, East Timor, the Solomon Islands and Cyprus). This includes investigators and analysts seconded to the Royal Commission into the Building and Construction Industry.

The AFP also continued to assist other agencies in building their investigative capacity through the delivery of the Management of Serious Crime (MOSC) program, delivering three courses during the reporting period. Themes examined were: *Confiscation – the need for cooperation*; *Electronic crime – the challenge*; and *Managing the global threat*. In all, 54 participants from policing agencies in Australasia and a number of Commonwealth and State law enforcement and regulatory agencies became MOSC graduates. Each course provided Australasian and a limited number of international participants the opportunity to share their skills and experience in the management and leadership of serious and complex criminal investigations.

The AFP continued to provide pre-referral assistance and advice to a wide range of Commonwealth agencies. For example, the AFP has:

- provided advice on referral of matters to the AFP and other possible avenues of inquiry;
- provided advice to agencies such as Customs, ATO, Centrelink and ITSA on evidence taking (including taped records of interview) and exhibit-handling procedures;
- participated in risk assessment training with Centrelink;
- worked with Customs to develop a more efficient Passenger Analysis Clearance and Evaluation System alert response; and
- participated in selection panels for agency investigators with agencies such as Civil Aviation Safety Authority (CASA) and Environment Australia.

In 2001–02, the AFP continued to execute search warrants in support of agency investigations with a number of these warrants relating to significant operations. These include one operation for Centrelink in Victoria which involved more than 70 staff from Centrelink, DIMIA and the ATO, and one in Victoria which involved approximately 50 staff from DIMIA and the AFP.

During the reporting period, the AFP continued to work closely with AGD on the revision of the *Commonwealth Fraud Control Guidelines*. The guidelines, which replace the 1994 *Commonwealth Fraud Control Policy*, were approved by Cabinet on 13 May 2002 following a very lengthy review period. With the assistance of a number of Commonwealth agencies, the AFP has progressed the substantial revision of the *Commonwealth Fraud Investigation Standards Package* (CFISP). It is anticipated that the revised standards will be finalised early in the new financial year.

In conjunction with AGD, evaluations were undertaken of 34 fraud risk assessments and fraud control plans for agencies subject to the 1994 *Commonwealth Fraud Control Policy*. Following Cabinet endorsement of the guidelines in May 2002, agencies are no longer required to forward

their fraud risk assessments and fraud control plans to AGD and AFP for approval. Agencies are now required to advise the AFP annually of their current identified major fraud risks to assist the AFP in the appropriate provision of investigative services to agencies.

The AFP completed 11 Quality Assurance Reviews (QARs) of investigations – including one outsourced investigation – for the following agencies: the Aboriginal and Torres Strait Islander Commission; Austrade; Australia Post; AQIS; CASA; Comcare; the Department of Education, Training and Youth Affairs; the Department of Workplace Relations and Small Business; the Department of Veterans' Affairs; ITSA; and the Therapeutic Goods Administration.

Major findings of these QARs included: almost all agencies reviewed were attempting to comply with CFISP, but in some cases lack of funding or staff shortages precluded full compliance with CFISP; the standard of taped records of interview and Briefs of Evidence were slowly improving; almost all agency investigators have either obtained their Certificate IV in Government (Fraud Control Investigation) or were working towards obtaining one; and virtually all agencies reviewed now have written policies detailing the functions, powers and responsibilities of their investigation units, but approximately half of these policies needed to be updated or more detailed.

In August 2001, the AFP hosted a Commonwealth Investigators' Conference in Brisbane attended by various client groups and which introduced a number of new business partners/stakeholders.

As the result of an initiative from Northern Operations, several client agencies now use standardised documents, adapted to agency specifications, to provide a more expedient and workable referral process.

Output 1.2 – Protection Services

The output of Protection Services contributes to the outcome through the prevention of crime against Commonwealth interests both within Australia and overseas. The AFP maintains the safety and security of those people identified at risk by the Australian Government. The AFP plans its protection services through a business planning process based on security threat assessment strategies. The security threat strategies related to Output 1.2 are protection of Australian High Office holders, protection of non-Australian High Office holders and protection of witnesses.

The objectives of this output are to ensure that individuals and interests identified at risk by the Commonwealth are kept safe and their dignity preserved.

Activities undertaken to achieve this objective include:

- the provision of close personal protection to Australian High Office holders, Internationally Protected Persons (IPPs), members of the diplomatic community and visiting overseas dignitaries assessed as being at threat;
- the collection, analysis, evaluation and dissemination of security intelligence for the development of threat assessments, reports and briefings on possible acts of politically motivated violence or other activities that may pose a threat to the safety or cause actual or perceived loss of dignity to Australian or overseas High Office holders;

- administration of the National Witness Protection Program, providing a safe and secure environment to participants of the program who are able to give evidence in criminal trials relating to organised crime such as large-scale importation of illegal drugs and corruption which involve a significant degree of criminality at both the Commonwealth and State levels;
- planning and coordination with strategic partners of special events including, but not limited to, Commonwealth Heads of Government Meeting (CHOGM) 2002, Centenary of Federation and the federal election; and
- management of the Australian Bomb Data Centre, providing technical advice and intelligence to State and Territory police services and other government agencies.

Performance for this output is measured by:

- the prevention of avoidable incidents;
- the level of client satisfaction with AFP protection services; and
- the efficiency of the service.

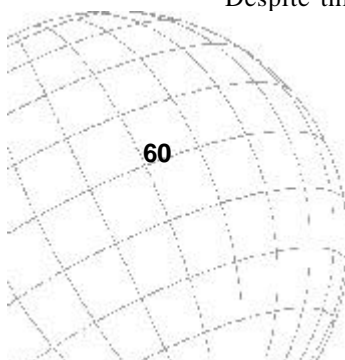
Performance Measure 1:

Prevention of avoidable incidents

During the year, the AFP provided full-time protection initially to two Australian and five non-Australian holders of High Office. The demand for Close Personal Protection (CPP) was more than doubled as a result of the events of *September 11* and the Government's commitment to the war against terrorism. This included providing full-time CPP to three Australian and 15 non-Australian holders of High Office and public events-based CPP to two Australian holders of High Office. The AFP's response continues to remain high with current full-time CPP being provided to three Australian and 10 non-Australian holders of High Office and public events based CPP to two Australian and five non-Australian holders of High Office. This demanding environment had a significant impact on the AFP and commenced with an immediate increase in protection services to the Prime Minister and his entourage, while on the ground in Washington DC during the initial attacks. This response highlighted the excellent working relationship between the United States Secret Service and the AFP. This cooperation extended to the relocation and eventual evacuation of the entourage back to Australia. In fulfilling its ongoing commitment to provide CPP to both Australian and non-Australian holders of High Office, the AFP has worked in close consultation and cooperation with the Protective Security Coordination Centre (PSCC), the APS and State and Territory police services.

Following the terrorist attacks of *September 11*, the Government provided \$9.271 million to increase the AFP's protective security services and counter-terrorism crime capacity. These funds enabled the AFP to increase the staffing levels within Protective Security from 134 to 194, to purchase armoured vehicles and to fund associated capital works to accommodate the increased staff.

Despite this greatly increased demand for close personal protection the AFP also provided CPP services to visiting Commonwealth delegates during CHOGM 2002 to ensure the delegates during this meeting.



The AFP provided CPP during visits to Australia by dignitaries including: Her Majesty Queen Elizabeth II and the Duke of Edinburgh; His Excellency Mr Wu Guanzheng, Member of the Political Bureau, Central Party Committee, Central Committee and Secretary of Central Party Committee Shandong Provincial Committee; His Excellency Mr Junichiro Koizumi, Prime Minister of Japan; His Excellency the President of the Portuguese Republic and Mrs Jorge Sampaio; and the President of the Hellenic Republic, Mr Konstandinos Stephanopoulos.

The AFP also provided services in Germany, India, US, PNG, Indonesia, Pakistan, United Arab Emirates, Afghanistan and Turkey in relation to overseas visits by Australian ministers.

In May 2002 the AFP provided a team of 34 members to assist the United Nations Civilian Police in East Timor with the provision of CPP for foreign dignitaries attending the East Timor Independence Day Celebrations. This was the first time the AFP provided offshore CPP to foreign diplomats.

In the reporting period there were no serious incidents involving High Office holders while under close personal protection.

During the reporting period, the AFP maintained a pool of 200 CPP trained members, enabling it to immediately respond to the requirement to deploy additional CPP qualified members post *September 11*.

Protective Security Intelligence

The AFP security intelligence program, which is primarily directed at protecting the Commonwealth interest, centrally monitors and directs identified security intelligence investigations. The primary function of this program is the provision of timely and accurate security intelligence relating to VIPs, IPPs, High Office holders, International Delegations and the diplomatic community throughout Australia. This is achieved through the maintenance of intelligence exchange with State and Commonwealth stakeholders and close liaison with the diplomatic/consular community. As a member of the Australian intelligence community, Protective Security Intelligence (PSI) teams make a significant contribution to the Commonwealth's threat assessment process. As a result of *September 11* attacks the demand for, and vigilance in providing, this intelligence has never been greater.

During the year, AFP PSI activities were heavily involved in the dissemination of intelligence between agencies in the lead up to and during the war on terrorism and the Middle East conflict, CHOGM 2002, the federal election and the Centenary of Federation.

Regular contact with the diplomatic and consular community is maintained nationally, to deliver a coordinated response to clients and stakeholders in this sensitive area of operation. All national reporting is monitored and collated on a daily basis from AFP's head office allowing AFP performance to be measured quantitatively and qualitatively as well as ensuring a cost-effective service is provided.

Continued hostility between the Palestinian activists and Israel has resulted in communal protests and acts of vandalism to Mosques and Synagogues in Australia. Due to the tensions surrounding this hostility, the AFP continues to assist in the investigation of such incidents and maintains close contact with community groups and the Embassy of Israel and its Consulates.

Australian Bomb Data Centre (ABDC)

The ABDC has continued to develop close working relationships with its partner agencies, as demonstrated by an increase in reporting of incidents during the year. The continued development of electronic data management and publication tools has enabled the ABDC to improve the production of bulletins and reports for dissemination to its partner agencies throughout Australia and overseas. During the year, the ABDC released 65 bulletins and reports, a 44 per cent increase over the previous year.

The events of *September 11* have resulted in an increased awareness of bomb safety issues among the broader community. The ABDC was well positioned to provide advice and training to support the development of stakeholder and client bomb threat management practices. For example, the ABDC released the fourth, revised and extended edition of *Bombs: Defusing the Threat* that now incorporates information on mail bomb countermeasures. The ABDC also released a new bomb threat checklist that incorporates questions relating to chemical and biological threats. Both of these publications are available to the public on the AFP website.

Witness Protection

The National Witness Protection Program (NWPP) employs operating methodologies designed to ensure the safe integration of witnesses and their families participating in the program back into the community. Relocation, re-identification, or change of identity, are strategies used in the management of witness protection operations to provide security for witnesses/participants.

The Witness Protection Act 1994 requires the Minister for Justice and Customs to report to both Houses of Parliament on the operation of the Witness Protection Program at the end of each financial year. That report encompasses advice on the general operation of the NWPP, the costs associated with the operation of the program and the exercise of the Commissioner's powers under section 27. The Act provides that the report must be prepared in such a way that it does not prejudice the effectiveness or security of the NWPP.

Family Court Security

Protection Services facilitated the provision of a variety of security services to the Family Court of Australia (FCA) throughout the reporting period and continued to be the main liaison point. Arrangements were varied, however, to enable the FCA, upon identifying a requirement on security issues, to seek assistance directly from the relevant AFP business unit.

Planning and Managing of Security and Law Enforcement for Special Events

Special events in which the AFP played a key role during the reporting period included CHOGM 2002, the 2001 federal election, the East Timor Independence Day celebrations, and the Centenary of Federation Celebrations. The AFP monitored protective security intelligence and the security environment during the 2001 Goodwill Games (August-September 2001) and contributed to threat assessments prepared for the Games. Preliminary planning is underway for the 2003 Rugby World Cup and the 2006 Commonwealth Games.

Throughout these events, AFP responses were effectively monitored online via the PROMIS case management system. This is particularly true of AFP actions resulting from *September 11* terrorist attacks.

CHOGM 2002

CHOGM was originally scheduled to take place in October 2001, but was rescheduled to March 2002, following the attacks of *September 11*.

The Commonwealth generally, and the AFP in particular, provided quality support for CHOGM with much behind-the-scenes and overt work. While overall responsibility for security of CHOGM lay with the Queensland Police Service (QPS) and CHOGM Task Force, the AFP made a significant contribution to the success of the meeting. In all, 90 AFP members were directly involved in CHOGM related duties.

Throughout the meeting period, the AFP conducted intelligence probes and investigations, provided intelligence input to the national threat assessment process, monitored politically motivated violence, provided CPP to visiting dignitaries, provided CPP coordination/management support to the integrated QPS/AFP CPP Teams, provided additional forensic capabilities to QPS, provided technical expertise and equipment, and provided a timely and effective interface, on behalf of all Australian law enforcement agencies, with their overseas counterparts through the AFP's overseas liaison officer network.

2001 Federal Election

The 2001 federal election immediately followed the events of *September 11* and saw the AFP provide numerous CPP members, supported by PSI members, who assisted in ensuring that the election took place in a safe and unimpaired environment.

Throughout this period, the federal election Operations Coordination Centre (FEOOC) simultaneously coordinated AFP responses to the federal election and post *September 11* security activities, ensuring that use of quality intelligence and AFP resources was maximised.

East Timor Independence Day celebrations

In support of the United Nations Police (UNPOL) attached to the United Nations Transitional Authority in East Timor (UNTAET), the Special Events Team coordinated the deployment of 34 CPP members to assist with UNPOL's response to the East Timor Independence Day celebrations in May 2002. AFP members joined with UNPOL to provide CPP management and functions for visiting IPPs to this international event and provided guidance to UNPOL during its planning and implementation stages of the operation. AFP assistance to this part of the UNPOL function in East Timor was in addition to Australia's normal civilian police deployment.

Centenary of Federation celebrations

Australia celebrated its Centenary of Federation throughout 2001, mainly through community projects and events. The AFP supported numerous events with input into the national threat assessment process by PSI and other operational areas.

Rugby World Cup

The staging of the 2003 Rugby World Cup in Australia has initiated preliminary planning by the AFP which will encompass contact with stakeholder agencies, special event methodology planning and the formalisation of information flows to assist both the AFP and other law enforcement/planning agencies.

Commonwealth Games

Liaison with Melbourne 2006 Commonwealth Games organisers and stakeholders has been maintained during the year with a close relationship developing with the Victoria Police. It is anticipated that the AFP involvement will increase after the 2002 Manchester Games are completed. As a result of lessons learnt from previous special events, the AFP has decided to maintain liaison with British authorities through the established AFP liaison network and not deploy observers to Manchester 2002.

Standing Advisory Committee on Commonwealth/State Cooperation for Protection Against Violence

The Special Events Team assisted Standing Advisory Committee on Commonwealth/State Cooperation for Protection Against Violence (SAC-PAV) training at three Joint Intelligence Officers' Courses in delivering an AFP familiarisation brief and providing information on the role of, and potential assistance provided by, the AFP during National Anti Terrorist Plan related events.

Performance Measure 2:

The level of client satisfaction with AFP protection services

During the reporting period, the AFP commissioned an independent client satisfaction survey of key agencies and stakeholders. Respondents included Commonwealth agencies, Australian High Office holders and representatives from several overseas missions in Australia.

Key findings were very positive regarding the protective services provided by the AFP, with the survey revealing that more than nine out of every 10 clients were satisfied with services received. Respondents stated the AFP was generally responsive and professional in its approach, and was proactive in passing information to client agencies. A small minority of clients expressed dissatisfaction with service delivery. The AFP is moving to address this through better client communication.

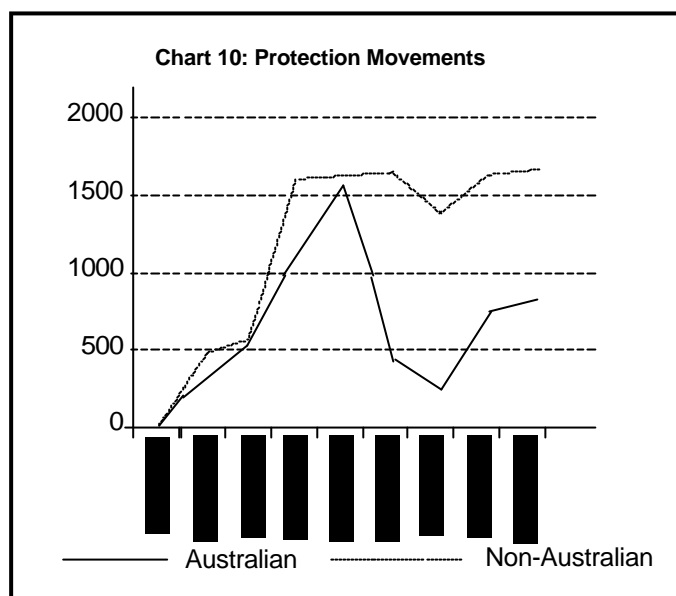
Throughout 2001–02, informal unsolicited feedback was also regularly received from individual clients. This feedback, which builds on the information gained through the client satisfaction survey, also indicates a high level of satisfaction with protection services, including feedback from Commonwealth agencies, Australian High Office holders and representatives from several overseas missions in Australia. Specific mention was received from the Queensland Police Service in relation to the AFP involvement with CHOGM security.

Performance Measure 3:

The efficiency of the service

The AFP continually reviews the effectiveness and efficiency of Protection Services and in April 2002 began a formal audit/review of discretionary elements of expenditure related to Protective Security operations. This review is being carried out by an independent auditor (Acumen Alliance) and is expected to be completed early in the 2002–03 financial year.

Previously, the deployment of protection services is based on a thorough, multi-agency



threat assessment process. This ensures that limited resources are deployed to the areas of highest threat. A working group was established to critically examine the threat assessment process and consider performance improvement modifications. This has resulted in SAC-PAV being asked to consider any deficiencies in the current model of threat assessment.

New measures were developed in the period to assist in assessing AFP's performance in the provision of CPP services. These include protection avoidable incidents, protection incidents and protection movements.

Protection Avoidable Incidents are incidents that could have been avoided through physical action/intervention or reasonable intelligence, that result in death, injury or loss of dignity or embarrassment to those individuals and interests identified by the Australian Government or the AFP as being at risk.

Protection Incidents are defined as movements or events that present a higher than average risk of an avoidable incident occurring, but where one did not occur. For example, a movement of a protected person during demonstration activity, unexplained traffic congestion presenting a high risk situation, or security breaches at venues/locations where a protected person is located.

Protection Movements are defined as standard movements or visits by a protected person that are considered routine, or low risk in terms of activity surrounding the immediate vicinity.

Table E: CPP performance (YTD)

	Australian office holder	Non-Australian office holder	Total
Protection movements	5 998	10 765	16 763
Protection incidents	245	78	323
Avoidable incidents	1	0	1

Output 1.3 – International Services

The AFP supports the Government's international responsibilities through the provision of a range of law enforcement services. The AFP's international activities also strongly support the objectives of Output 1.1.

The objectives of this output are to:

- facilitate an effective AFP contribution and response to international law enforcement efforts (through, for example, the provision of an overseas liaison officer network and the Australian National Central Bureau (NCB) for Interpol);
- provide an effective contribution to Australia's international peacekeeping/monitoring commitments; and
- provide community policing services to the Commonwealth's external territories.

In recognition of the increasing globalisation of the criminal environment, the AFP continues to develop a strong international focus in its investigations, activities, structure and outlook. These developments operate to provide a secure regional and global environment and to support the Government's international responsibilities.

Central to facilitating a range of law enforcement activities between Australia and foreign law enforcement agencies is the overseas liaison officer network. In the reporting period, the network of strategically deployed liaison officers was increased from 33 officers in 21 countries to 40 officers in 23 countries. The network and the role it performs reflects the fact that no single law enforcement agency or country can successfully combat transnational crime, irrespective of the commodities or ventures involved.

The liaison posts are at the forefront of Australia's fight against transnational crime, facilitating the exchange of information between the AFP, other Commonwealth and State law enforcement agencies, and overseas law enforcement agencies. AFP liaison officers work closely with the host country agencies to obtain useful and timely criminal intelligence to prevent or disrupt criminal activity before it enters Australia's jurisdiction.

The Government announced measures in the 2002–03 Budget to provide additional funding of \$47 million over four years for an additional 16 strategically placed AFP members for the overseas liaison officer network to enhance the flow of intelligence on transnational crime activities impacting on Australian interests.

The AFP is Australia's international policing representative for the International Criminal Police Organisation, Interpol. The AFP operates the NCB and works on behalf of all Australian law enforcement agencies in coordinating international inquiries through the Interpol network on matters ranging from internationally missing persons to coordinating the Australian component of international paedophile investigations.

The AFP continues to support the Government's obligations under the United Nations treaties and conventions by providing an effective contribution to Australia's international peacekeeping and peace-monitoring commitments. At 30 June, the AFP maintained unarmed contingents in Cyprus and East Timor.

The AFP recognises that its operating environment has changed dramatically over the last six

months. The increased globalisation of the criminal environment, the ready acceptance and exploitation of technological advancements by criminals and the use of weapons of mass destruction have served to highlight the need for high level collaboration and cooperation with overseas law enforcement agencies. With the blurring of the line between national security issues and transnational crime activity, the importance of timely and efficient intelligence reporting and sharing between national and international agencies has taken on a greater focus.

Performance for this output is measured by:

- the extent to which Commonwealth international obligations are met;
- client satisfaction with international services; and
- the level of financial performance of the AFP in delivering cost-effective results.

Performance Measure 1:

The extent to which Commonwealth international obligations are met

AFP Overseas Liaison Network

A cornerstone of the AFP's policy of interagency cooperation is its network of international liaison officers. The network is vital in the AFP's fight against transnational crime groups that operate at local, national and international levels. The network enables the AFP to combat criminal activity in a range of geographical regions and locations.

During the year, new posts were opened in recognised transnational criminal source and criminal commodity transit countries in Cambodia (Phnom Penh), Lebanon (Beirut) and Fiji (Suva). As part of the AFP's continuous review of its international network, 2001–02 saw the closing of the Rome office in January 2002 and the opening of a post in East Timor (Dili). The Argentinian (Buenos Aires) office is in the process of being relocated to Brazil.

The AFP's overseas liaison officer network acts to:

- represent Australia's law enforcement interests internationally;
- fulfil a critical role in establishing relationships of confidence with international law enforcement and other agencies;
- gather intelligence on criminal activities or groups in support of AFP Crime Management Strategies and National Intelligence Collection Priorities;
- share intelligence on criminal activities and groups in support of international law enforcement efforts;
- broker collaboration with international law enforcement for multi-agency investigations; and
- provide advice and coordination, where appropriate, on training and technical measures for international law enforcement to combat transnational crime.

Intelligence activities

During 2001–02 the AFP :

- conducted a series of seminars on West African Organised Crime by specialists from the United Kingdom (National Criminal Intelligence Service, HM Customs), South African Police and the Royal Thai Police;
- sponsored a series of amphetamine-type stimulants (ATS) seminars in Australia in 2001, conducted by European experts from Europol, the German Bundeskriminalamt (Federal Criminal Investigation Office) and the Dutch Synthetic Drugs Unit to increase the awareness and knowledge of this phenomenon among Australian law enforcement agencies. These seminars were followed by short-term attachments of AFP members to these European organisations; and
- conducted a detailed threat assessment of South American cocaine trafficking organisations that impact on the Australian community. A strategic intelligence threat assessment of the law enforcement issues confronting the Pacific region was also undertaken.

Capacity Building and Cooperation Programs

The AFP:

- delivered training programs in key overseas locations for regional law enforcement agencies. This included the delivery of International Management of Serious Crime (IMOSC) programs in Singapore and New Zealand for partner agencies in the Southeast Asia and Pacific regions. The International Strategic Intelligence Course was delivered in Singapore;
- sponsored seminars in Singapore, Bangkok and Hong Kong on the ATS threat to the Southeast Asia region and Australia; and
- hosted in October 2001, the 25th Heads of National Drug Law Enforcement Agencies (HONLEA) Asia and the Pacific meeting in Sydney. The aim of the meeting was to strengthen collaborative ties between organisations in the fight against drug trafficking in the region. The HONLEA meeting made a range of specific recommendations in relation to: the illicit traffic in, and consumption rate of heroin; control of stimulants and their precursors; cooperation in the exchange of criminal intelligence on illicit traffic; and illicit traffic by sea.

Operational results

The AFP:

- conducted a Clandestine Laboratory Investigation Training course for members of the Indonesian National Police in January 2002 that resulted in the location of two clandestine laboratories in Jakarta. One laboratory was capable of producing 100kg of MDMA per week while the other factory was producing 150,000 ecstasy tablets per day. This LECP funded external training program ideally complemented training programs and workshops conducted by the AFP College in Barton to which participants and guest presenters from key law enforcement agencies were invited;
- prevented, through an AFP led investigation involving the Brazilian Federal Police and the Indonesian National Police, two separate importations of cocaine leaving Brazil for Australia and dismantled a complete criminal syndicate;

- provided further assistance to the Brazilian Federal Police with the investigation of West African Organised Crime Groups operating in South America;
- detected and disrupted, through the Joint People Smuggling Investigation Team (JPSIT) established in Bangkok in collaboration with the Royal Thai Police, organised criminal groups involved in the illegal movement of people in the region. Recently, the AFP expanded its relationship with the Royal Thai Police through the development of a purposely-built intelligence database and provision of training for members of the JPSIT. This LECP sponsored project is seen as a model for other law enforcement agencies in the region in the fight against transnational organised crime. A similar project is being negotiated with law enforcement partners in Cambodia; and
- continued to deploy specialist analysts and federal agents throughout Australasia, Europe and the Americas in direct support of operational activity and to facilitate the exchange of criminal intelligence.

These forums help promote the formulation of policy and facilitate the exchange of strategic and tactical criminal intelligence between law enforcement agencies to ensure a timely and operationally consistent response is adopted to combat transnational crime.

Law Enforcement Cooperation Program (LECP)

Strong international law enforcement cooperation plays a vital role in many AFP operations and has been an integral part of some of the AFP's most highly successful outcomes. Some of these investigations have resulted in large amounts of heroin and cocaine being intercepted before reaching Australian shores and have led to the dismantling of international organised crime syndicates.

The aims of the LECP are to:

- strengthen the capability of overseas law enforcement agencies to gather information and evidence against illicit drug traffickers through education and training programs for law enforcement practitioners and through modest provision of equipment;
- develop a greater capacity to meet Australia's international priorities by being able to more effectively gather international law enforcement intelligence to support AFP operations;
- improve law enforcement infrastructure of specified countries within the program and operational understanding of international crime; and
- foster closer personal and institutional linkages.

The LECP program supports a variety of overseas projects aimed at improving the flow of law enforcement intelligence from international partners. This is illustrated by current discussions with other peak law enforcement agencies in the establishment of a multi-national Joint Intelligence Working Group. The aim of this group is to share knowledge and experience in drug and criminal intelligence matters, and to facilitate greater cooperation between the respective law enforcement agencies.

In August 2001, the LECP sponsored the Southeast Asian Heads of Criminal Intelligence Workshop in Bangkok. This workshop provided the AFP with an opportunity to strengthen multilateral relations with Asian, Pacific and Middle Eastern crime intelligence counterparts

from 18 countries. It was co-hosted by Interpol and the United Nations Drug Control Program. Outcomes of the workshop included a greater understanding of global issues in addition to an appreciation of regional criminal intelligence capabilities and avenues to progress cooperation.

Feedback from AFP liaison officer posts indicates that LECP initiatives have enabled them to significantly increase the AFP's profile and improve relationships with international partner agencies. Without exception, the liaison officers indicate that opportunities created by the LECP have helped them to advance Australian law enforcement interests.

In South America, the LECP program is actively supporting the AFP's liaison officer presence in Bogotá and Buenos Aires. A regional workshop for partner law enforcement agencies in South America aimed at establishing a cooperative framework for transnational crime investigations of mutual interest was held in January 2002.

An Intelligence Analyst exchange program has been established with the United States Drug Enforcement Administration. To date there have been four exchanges conducted under this program.

Melanesia

Melanesia represents an unstable region of growing significance to the AFP. On Australia's doorstep, Melanesia's fledgling island infrastructures can be exploited for transnational criminal purposes with large scale damage to local countries and Australia.

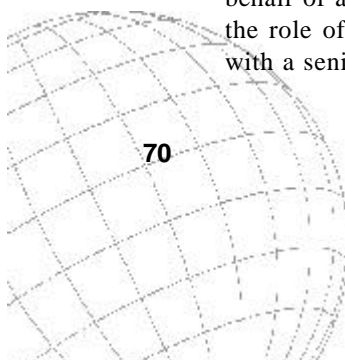
In 2000–01, there were two significant seizures of illicit drugs in the Melanesian Islands, which illustrated the threat to Melanesia and Australia from organised crime operating in the region. As Melanesia was seen to be vulnerable to organised crime groups targeting Australia, it was considered to be in the national interest to strengthen the AFP's and regional law enforcement agencies' abilities to detect and disrupt such penetration before its effects were felt in Australia.

The Government approved funding of \$13.638 million over three years in the 2001–02 Additional Estimates for an increased presence in the Melanesian Islands, noting that the AFP offset \$4.150 million of this cost. In 2001–02, the AFP received funding of \$1.346 million. The total budget for the Melanesian proposal in 2001–02 was \$3.996 million (offsets account for \$2.650 million), including infrastructure to support the increased presence.

As a result of this funding, the AFP has deployed members to Fiji (two members), PNG (one member, additional to the liaison officer already in place), Solomon Islands (two members, one adviser and one liaison officer) and Vanuatu (two members). The total staffing for the initiative is nine – the two other positions are a Pacific Islands Coordination Officer located in the AFP's head office and a member who is responsible for coordinating the Melanesian Law Enforcement Cooperation Program.

Interpol

The AFP is responsible for the operation of the Australian National Central Bureau (NCB) on behalf of all Australian State and Territory police services. The AFP Commissioner assumes the role of the Australian representative to Interpol. The AFP continues to support Interpol with a senior agent as a member of the Executive Committee of Interpol and by contributing



to the Strategic Sub-Committee, which aims to regionalise and develop Interpol's presence in Asia.

The Australian NCB contributes to international law enforcement interests by providing an interface with the other 179 members of Interpol. The NCB is located at AFP head office and is staffed by an integrated team of both sworn and unsworn members on a 24-hour, seven days a week basis. The NCB provides immediate assistance to Commonwealth, State and overseas law enforcement agencies in relation to matters involving international police to police cooperation, mutual assistance and/or extradition.

During the year, there was a change in the recording of Interpol notices, with the NCB processing an average of 1,600 messages per month. In 2000–01 they were recorded as individual cases, while in 2001–02, they were recorded under generic cases. For further details, see Appendix 1, Table 7.

An AFP federal agent was seconded to Interpol Secretariat General (IPSG) in Lyon to perform secretariat services for the Asian and South Pacific Region. The federal agent was responsible for developing strategies to heighten the interest of Asian and South Pacific member states in Interpol activities; enhancing the relationship with regional organisations and non-member states; enhancing the exchange of information among member states and IPSG; and planning and assisting in the development of the Interpol Asia Region Sub Bureau, Bangkok, where a second federal agent is attached.

The federal agent at Interpol, Bangkok is responsible for enhancing the performance of the NCB, identifying problems, and assisting the NCB to overcome difficulties in international cooperation. His presence has assisted the Bureau in adopting a more proactive role within the Asia Region. The AFP's hosting of a liaison officer posted from Interpol Rome has been extended to June 2002 with consideration being given to extending this period until June 2003. The attachment of this officer has continued to be of benefit to Australian law enforcement.

An AFP Information Technology representative is a member of the Interpol Standing Committee on Information Technology. Through membership of this committee, the AFP has been closely involved in the development of the Interpol communication network (IGCS24/7) during the year. In parallel with these activities, AFP has taken the initiative to migrate all X400 systems in the region to Internet-technology based systems thus making them 'IGCS24/7 ready'. Oceania NCBs are now ready to use the new communication services as soon as they become available.

Peacekeeping and Peace Monitoring Operations

The AFP continued to provide significant contributions to international law enforcement interests during 2001–02 through the provision of peacekeepers and peace monitors to United Nations missions and regional peace support operations.

East Timor

The AFP has maintained deployments to East Timor in support of International Peace Operations. From July 2001 to 30 June 2002 some 229 members have served, or are serving, as part of the civilian police detachments to the United Nations Transitional Administration in East Timor (UNTAET) with each detachment serving in mission for six months. On 21 May 2002,

when independence was declared in East Timor, UNTAET was replaced by the United Nations Mission in Support of East Timor (UNMISET).

The number of members deployed per detachment was reduced from 100 to 80 and this number will decrease to 60 members due to the United Nations downsizing in East Timor. The current commitment stands at 56 AFP members. Each detachment includes serving AFP members as well as members from each Australian State and Territory police service and former AFP members. The Tasmanian Police Service no longer provides members for deployment to East Timor with the last of their members returning home in May 2002.

These detachments add value to, and assist the United Nations in the development of an efficient and effective indigenous police service by providing training, monitoring and assisting in the day-to-day provision of police services to the people of East Timor.

The AFP assesses performance in this area through analysis of post detachment assessments. Due to administrative difficulties, during 2001–02 only 25 out of 67 assessments were able to be analysed. These problems have now been rectified. Of the 25 that were able to be assessed, 20 were rated as outstanding and the remaining five were assessed as being above average.

The Commissioner of Police for the UN in East Timor provided the following feedback on AFP members deployed to East Timor, advising that he had been ‘most impressed with the quality of [AFP] police officers being sent on mission, their motivation and willingness to ‘get involved’. It is said that a lot of people go on mission for the money. I have never had this feeling with the police officers you have sent me. Your police officers are among the best and thank you for making peacekeeping such a key priority among all of the other competing priorities you must deal with.’

Cyprus

Since May 1964, the Australian Government has had an ongoing commitment through the provision of Australian UN Civilian Police to the UN Forces In Cyprus mission. The AFP meets the current commitment to this mission by maintaining a contingent of 15 AFP members. They are responsible for contributing to the maintenance of the status quo of law and order in the buffer zone that divides the Greek and Turkish Cypriot communities. The AFP members’ duties also include monitoring and investigating human rights violations and providing a non-military response option to UN mission’s Senior Command element.

Solomon Islands

The AFP continued its support to the International Peace Monitoring Team (IPMT) in 2001–02. Since November 2000 after the signing of the Townsville Peace Agreement (TPA) on 15 October 2000, the AFP has provided 85 sworn and unsworn members on three-month rotational detachments to the multi-agency regional peace support team. Thirty-three members were deployed during 2001–02.

The key roles fulfilled by the IPMT were to: assist with confidence building among the wider Solomon Islands population; receive and monitor the safe custody of arms surrendered in accordance with the TPA and maintain an inventory of such arms; monitor, observe and report on acts that may constitute breaches of the TPA; and report to the Peace Monitoring Council at least every 14 days on incidents, progress and developments in implementing the TPA.

Members selected for the last two detachments were selected from members who had the now mandatory Civilian Police Peace Operations Pre-deployment Training

Program. This training ensures AFP peacekeepers/monitors are given a realistic understanding and experience of a mission. The IPMT withdrew from the Solomon Islands on 25 June 2002.

The AFP will continue to support the Solomon Islands with an AFP adviser who was deployed in July 2001 to support the Royal Solomon Islands Police and its operations, and an AFP senior liaison officer who was deployed in November 2001 to provide linkages between Royal Solomon Islands Police and Australian law enforcement agencies. Both AFP officers are attached to the Australian High Commission, Honiara. These positions are funded through the Melanesian Cabinet Submission of August 2001.

Territories

The AFP assumed responsibility for the provision of policing service in the Commonwealth Territories in 1992. A diverse range of services is provided to Christmas Island, Cocos (Keeling) Islands, Jervis Bay and Norfolk Island.

Christmas Island

AFP staffing on Christmas Island currently consists of one sergeant (officer-in-charge), three constables and two locally engaged full-time staff members.

During the reporting period, two Customs officers were permanently located on the island. They will be co-located with the AFP in the Christmas Island Police Station until such time as they are provided with their own premises. Customs now performs the customs and immigration functions at the air and seaports, with the assistance of locally engaged Acting Customs Officers. This has enabled the AFP members to concentrate on providing a quality community policing services to the local community.

In conjunction with the Western Australian Department for Planning and Infrastructure and the Commonwealth Department of Transport and Regional Services (DOTRS), the AFP is negotiating to have the motor vehicle registry function, which is currently managed by the AFP, transferred to the Christmas Island Shire Council.

Four suspect illegal entry vessels arrived at Christmas Island between 4 August 2001 and 7 October 2001, carrying 1,087 passengers and 16 crew. Accommodation for unlawful non-citizens was established at Phosphate Hill, with the local community sports hall on Gaze Road being used as required.

With the advent of the Asia Pacific Space Centre's commercial satellite launch facility and the construction of a permanent detention facility on Christmas Island that will have a capacity of up to 1,200 people, the AFP staffing situation on Christmas Island was reviewed. The outcomes of the review, which was undertaken by the AFP in conjunction with DOTRS, are awaiting approval by the AFP's National Management Team.

Cocos (Keeling) Islands

AFP staffing consists of one sergeant (officer-in-charge), one constable, and a locally engaged full-time special member.

Two suspect illegal entry vessels carrying 142 people arrived at the Cocos (Keeling) Islands during the reporting period. One on 15 September 2001 carried 68 Sri Lankan nationals. Four crew members were subsequently arrested and charged. In July 2002, two of the crew members were each sentenced to five years imprisonment, with a non-parole period of two years, while

the other two members were sentenced to three years and six months imprisonment with a non-parole period of 14 months. An additional 34 people were sent to Cocos Island after landing on Ashmore Reef.

The AFP is responsible for customs, immigration and quarantine functions and provides the first point of contact for all suspect illegal entry vessels and unlawful non-citizens arrivals on Cocos Island. The AFP also provides initial containment and security for detainees until the arrival of DIMIA and Australasian Correctional Management (ACM) officers.

The former quarantine station, which is managed by ACM, was refurbished to provide basic accommodation for suspected unlawful non-citizens. A total of 176 people were accommodated on Cocos Island this financial year, with the last departing on 22 March 2002.

The AFP is in the process of recruiting and training a team of locally engaged special members to perform immigration, customs and quarantine functions at the air and seaports on Cocos (Keeling) Islands so that the AFP can concentrate on delivering a quality community policing service. The transfer of the motor vehicle registry function to the Cocos (Keeling) Island Shire Council planned to occur during 2001–02, did not take place. Negotiations are still continuing between DOTRS and the Shire Council.

Jervis Bay

AFP staffing consists of a sergeant (officer-in-charge) and two constables.

Since the removal of the marine and land rescue functions from AFP responsibility in 2000–01, community policing services provided in the Territory have continued to improve. Police statistics indicate a significant reduction in offences. The AFP is actively involved in monthly meetings with residents to discuss community needs, services and event planning. The AFP is also represented on the Justice Advisory Group, which is responsible for examining legal issues affecting the Wreck Bay community.

The AFP is also represented at the Jervis Bay and Shoalhaven emergency management meetings. These meetings are held quarterly to discuss and review emergency management plans and any potential impact on the residents of the Territory, and the surrounding district.

Norfolk Island

AFP staffing on Norfolk Island consists of a sergeant (officer-in-charge) and two constables.

The most significant crime on Norfolk Island during the reporting period was the murder of a woman working on the island in March 2002. An investigation team comprising federal agents, including investigators, crime scene examiners and intelligence analysts, detectives from ACT Policing and detectives from the local Norfolk Island Police, was formed. The investigation is ongoing. A survey, which seeks information on people seen in the area and the victim's movements was sent to all Norfolk Island residents and about 700 tourists who were on the island on 31 March 2002.

In order to assist investigations further, the Norfolk Island Legislative Assembly passed retrospective DNA legislation and is considering further legislative changes in order to facilitate the arrest of suspects and evidence collection interstate. The AFP and the Norfolk Island Government are funding this investigation.

Performance Measure 2:

Client satisfaction with international services

Audit of Services

AFP Internal Audit undertook an audit of AFP liaison office operations in early 2002 that incorporated stakeholder and client communications. The Audit Team conducted on-site visits to Bangkok, Singapore, Hong Kong and Kuala Lumpur liaison offices and met with representatives from host country law enforcement agencies, representatives from other international law enforcement agencies posted in those countries and Australian stakeholders (such as DFAT).

Internal Audit developed a client feedback survey that canvassed a range of issues involving the interaction of AFP liaison officers with clients. The audit found that the AFP had established and maintains very good relationships with its overseas clients, with host law enforcement agencies being satisfied with the level of assistance provided by AFP liaison officers. Without exception, clients ranked the performance of the AFP liaison officers in the top two foreign in-country law enforcement agencies.

In addition to the internal audit, several overseas liaison offices (Phnom Penh, Manila, Beijing and Hong Kong) were also the subject of office inspections, which included assessments of client and partner relationships. A number of meetings were held with representatives from host country agencies and foreign law enforcement partners in each of the countries visited, with all reporting very good relationships with the AFP.

The Client Satisfaction Survey 2001–02 was expanded to include the Australian-based clients of the overseas liaison officer network. The inclusion of international services in the survey will provide further valuable data to measure the level of performance by the AFP's international services.

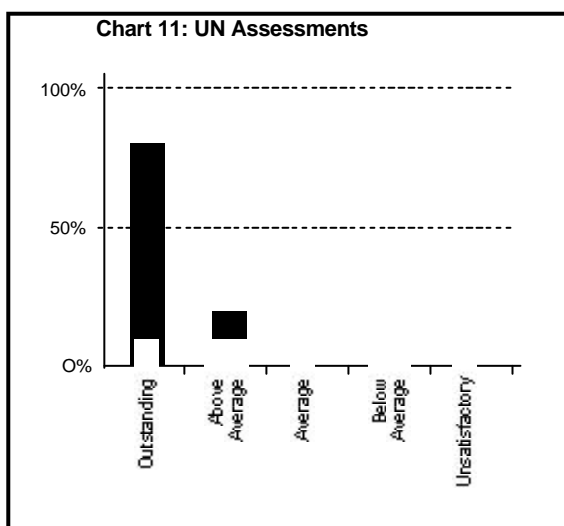
Significantly, the Chinese Ministry of Public Security now regards the AFP as the preferred supplier of law enforcement training programs. This follows a number of tailor made courses delivered for the Ministry in 2001.

East Timor

UN assessment of AFP personnel attached to these contingents found that 80 per cent were rated as 'outstanding', and 20 per cent rated 'above average'.

Territories

Major stakeholders for the community policing function in the Cocos (Keeling) Islands, Christmas Island, Jervis Bay and Norfolk Island include DOTRS, the Norfolk Island Government and the Shire Councils of the Cocos (Keeling) Islands and Christmas Island.



The AFP maintains regular contact with these stakeholders to discuss community-based issues and other matters that may affect the provision of community policing services. AFP team leaders stationed in each of the Territories also have regular meetings with key stakeholders including local ministers, administrators, councillors and community representatives, to gauge the level of client satisfaction and community acceptance.

The level of client satisfaction and community acceptance is high in each of the Territories and is expected to increase as the AFP implements initiatives that seek to maintain a high level of community policing. For example, in October 2001 Customs assumed responsibility for customs and immigration functions in the Indian Ocean Territories. However, despite this change, the AFP has continued to perform these functions. Consequently, during the reporting period the AFP started negotiations with Customs with the view to it assuming full responsibility for customs and immigration functions in the Cocos (Keeling) Islands as soon as possible. As a major stakeholder, DOTRS has acknowledged this initiative by fully recognising that it will enable the AFP to focus its resources on community policing issues, thereby further enhancing community relations.

Performance Measure 3:

The level of financial performance of the AFP in delivering cost-effective results

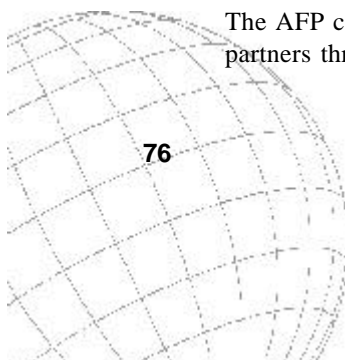
To ensure the AFP's overseas liaison officer network remains focused on delivering services to meet international responsibilities, a strategic plan for 2002-05 has been developed. This plan recognises the international nature of the AFP's operating environment and the dynamic and flexible network that underpins the AFP's commitment to meeting these responsibilities. The strategic plan requires the liaison officer network to focus on the AFP's Crime Management Strategies and to develop and implement Performance Improvement Plans and Local Action Plans for each overseas liaison office.

The majority of the AFP's overseas liaison offices are now connected to AFPNET, which has provided real-time access on operations involving these offices. This has significantly improved the effectiveness and efficiency of the delivery of international services. The expansion of AFPNET to the liaison officer network has also enhanced the quality of data available through which the AFP can measure the performance of international services.

During the reporting period, a number of the AFP's overseas liaison offices were the subject of office inspections, which incorporated a Business Activity Analysis (BAA). The conduct of BAAs is now an integral component of reviewing the AFP's operational performance and effectiveness. The expansion of this program to International Services ensures corporate consistency in relation to reviewing and measuring performance.

The location of the AFP's overseas liaison offices is continually assessed against the global criminal environment to ensure offices are strategically located to provide timely and accurate intelligence on transnational crime matters impacting on Australian interests. In the reporting period, the AFP's liaison office in Italy was closed, the post in Nicosia, Cyprus was relocated to Beirut, Lebanon and a decision was made to re-locate the current post in Buenos Aires, Argentina to Brazil. New liaison offices were opened in Cambodia (Phnom Penh), Fiji (Suva) and East Timor (Dili).

The AFP continues to deliver a diverse range of programs to its international law enforcement partners through its LECP. The LECP is managed by a Board of Management, which provides



strategic direction for the LECP and approves funding for these programs.

As noted earlier in this report, during the reporting period, AFP Internal Audit conducted an audit on overseas liaison offices that addressed a number of aspects of International Services. The application of the audit process to International Services is an important mechanism through which the AFP can assess the financial performance of this output in delivering cost effective services.

International Extradition

In March 2000, an arrest warrant sought the extradition of a woman to South Korea on four fraud related matters committed in 1994. Following the dismissal of her appeal to the Federal Court, the woman was extradited from Australia in October 2001.

One investigation involved the arrest of two Mexican citizens wanted in the US for trafficking narcotics, money laundering, and murder. After being arrested in Sydney in September 2000, pending their extradition to the US, the men escaped from prison by commandeering a delivery truck and crashing through the prison gates. They were subsequently recaptured and remanded to a Melbourne prison, again pending extradition to the US. Several others were also arrested for harbouring the escapees and attempting to provide them with false identity documents and the means to leave Australia. The men were extradited from Australia on 20 May 2002. On 18 July 2002, a woman was sentenced to three years imprisonment with a one year non-parole period on the charge of being an accessory after the fact and one year's imprisonment on the charge of possession of a false passport, to be served concurrently.

In November 2001, New Zealand requested the extradition of a person for whom an arrest warrant had been issued in September 2001 for defrauding the New Zealand Inland Revenue Department. Extradition orders were made in May 2002 and the person was extradited from Australia on 31 May 2002.

Supporting Agencies

Australian Bureau of Criminal Intelligence (ABCI)

The ABCI is part of the Australasian Common Police Services. It provides and manages the Australian Criminal Intelligence Database which provides shared access to information relating to illicit drug activity, paedophilia, criminal groups (including outlaw motor cycle gangs), illicit gambling, product contamination and threats against public officials. ABCI activities directly support joint NCA/AFP investigations in relation to the above activities.

Australian Institute of Police Management (AIPM)

The AIPM is part of the Australasian Common Police Services and provides executive leadership and management development opportunities to improve the corporate performance and productivity of Australasian law enforcement and allied agencies. A primary focus of the AIPM is to enhance police performance and contribute to the professionalism of Australasian policing and public safety practitioners.

Australasian Centre for Police Research (ACPR)

The ACPR is part of the Australasian Common Police Services and fosters, coordinates and sponsors applied research on law enforcement and policing issues on behalf of all Australasian law enforcement and police agencies.

Outcome 2: Community Policing Focus

Outcome 2, reflecting the AFP's focus on community policing services is:

- *Policing activity creating a safe and secure environment in the ACT.*

Since March 2000 the AFP has been providing policing services to the ACT by way of a Policing Arrangement between the Commonwealth Minister for Justice and Customs, the ACT Deputy Chief Minister, Attorney General and Minister for Police, Emergency Services and Corrections.

The arrangement established the terms and conditions under which policing services are provided to the ACT Government over a five-year period to 2005, and has proved effective in terms of comprehensive reporting and accountability.

The main features of this arrangement are:

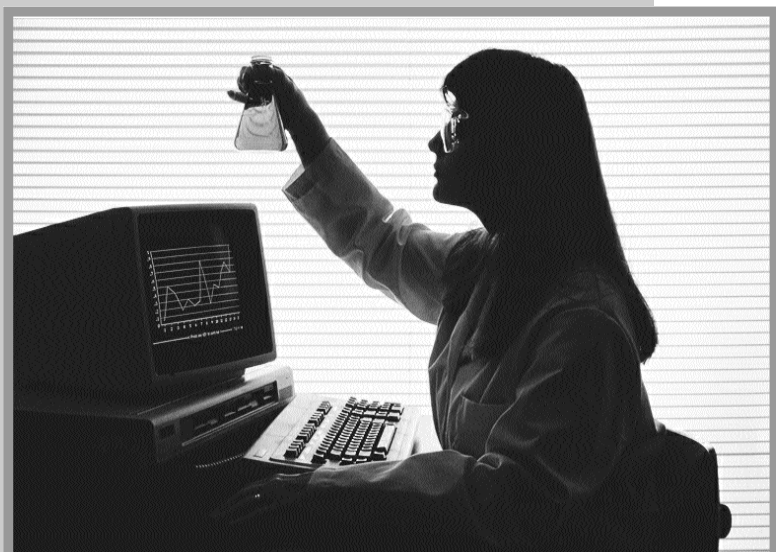
- an enhanced framework to ensure a flexible and effective response to emerging crime trends in the ACT;
- increased accountability of the ACT Chief Police Officer (CPO) to the Minister responsible for policing in the ACT; and
- an ongoing Purchase Agreement specifying the levels of policing services to be provided to the ACT community.

The Purchase Agreement in particular, has continued to be an effective mechanism in monitoring value for money in terms of the provision of police services to the ACT. The agreement contains a comprehensive statement of the services provided by the AFP and specifies six key outcomes and 17 outputs with more than 70 performance measures and targets. These measures and targets are publicly reported to the ACT Legislative Assembly each year and form the basis for all ACT Policing Annual Reports.

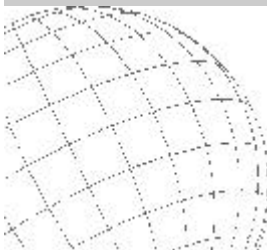
Under the Purchase Agreement, the services to be delivered under each outcome to the ACT community have been separately costed. This allows both the ACT Government and the community to assess the value of each outcome and the success of the AFP in achieving the nominated targets. This process enhances the accountability mechanisms incorporated in the Policing Arrangement and provides a facility for ACT Government to adjust and shift funding between outcomes in accordance with changing priorities.

A detailed report of the AFP's activities and outputs in relation to each outcome is contained in the ACT Policing Annual Report 2001–02 tabled in the ACT Legislative Assembly in October 2002. The report is available from ACT Policing Media and Public Relations on request by phoning (02) 6256 7460 or on the Australian Federal Police website.

CHAPTER 3 ENABLING SERVICES



The AFP's Enabling Services provide quality administrative, financial and technical support to operational areas in meeting the AFP's objectives.



CHAPTER 3

ENABLING SERVICES

Introduction

The AFP's Enabling Services provided quality support to operational areas in meeting the organisation's objectives during the reporting period. The work of the Legislation Program in drafting and progressing a range of legislation that aims to significantly disrupt the criminal environment has substantially contributed to Outcome 1 and specifically Output 1.1 and will be likely to do so in future years. This legislation includes the Security Legislation Amendment (Terrorism) Act 2002, related legislation and the Proceeds of Crime Bill 2002.

Enhancements to technical operations, with the introduction of a new telecommunications interception system, has meant that a more efficient system is now operating that enhances the collection, monitoring and preparation of evidence, contributing significantly to Output 1.1 of Outcome 1 in terms of disrupting criminal activity.

Also, significant change management work preceded the incorporation of Australian Protective Services (APS) as an operating division of the AFP on 1 July 2002.

3.1 Executive/Commissioner's Office

The period under review saw the first full year of office for Commissioner Keelty. Other significant events were:

- Mr John Davies' appointment to the position of Deputy Commissioner in September 2001 with responsibility for the management and oversight of all operational activities under Outcome 1;
- the inclusion of the Outcome Service Delivery Directorate as part of the Deputy Commissioner's Office;
- Mr Simon Overland, the AFP's Chief Operating Officer, being seconded to AGD on 30 April 2002, to take up the role of Implementation Manager for the Australian Crime Commission that is due to start operations on 1 January 2003. During Mr Overland's secondment the General Manager People and Finance Management and General Manager Policy and Commercial reported directly to Commissioner Keelty. Commissioner Keelty also assumed responsibility for the management of the contractual arrangements with the ACT Government. Deputy Commissioner Davies took responsibility for the Professional Standards and confidant reporting functions during this period, while the Internal Audit function was transferred to the General Manager Policy and Commercial; and

- the announcement on 14 February 2002 by the Minister for Justice and Customs that APS would become an operating division of the Australian Federal Police (AFP). The Australian Protective Service Act was amended in June 2002 and the change took effect on 1 July 2002. A project team, led by Federal Agent Audrey Fagan, was formed in February and is implementing the change over the next financial year on a planned and phased basis.

The Commissioner's Office also includes the Media and Public Relations area. It has a key media liaison and media management role and has responsibility for producing the AFP's regular publications. It also manages the AFP museum. During last financial year the area produced in excess of 170 media releases and supported all of the AFP's major operational activities.

3.2 Financial Services

The audited financial statements that appear at the end of this report reflect the financial health of the AFP. Key features include:

- the operating result for 2001–02 as per the statement of financial performance (page 137) shows a surplus of \$21 million compared to \$14 million in 2000–01; and
- an increase of \$29 million in net assets over 2001–02 as per the statement of financial position (page 138).

The AFP worked on a range of initiatives to improve financial management and accountability during 2001–02. These included:

- the upgrade of the AFP's SAP™ Financial, Human Resource and Payroll processes system in April 2002. The upgrade provided a platform to progressively improve support services for the AFP's business needs. A project is now underway to identify and develop improved human resource, finance and payroll services;
- integrated asset management. This initiative enhanced the framework for managing existing and new assets and will complement the governance arrangements for assessing science and technology proposals via the AFP Science and Technology Steering Committee;
- an Output Review with the Department of Finance and Administration;
- an Australian National Audit Office assurance and compliance audit of the first year of the goods and services tax processes that found the AFP had a number of examples of better practices. Problems detected in the audit amounted to the AFP underestimating its GST by \$2,252.26 in net dollar terms which was corrected;
- an active role in examining the issues that led to revised legislation to exempt all unmarked police cars from reportable fringe benefits requirements. As a consequence the AFP reviewed all employees affected and wrote appropriate change of circumstance letters to the ATO;
- introduction of fringe benefits tax software to all business areas to enable each area to prepare returns for employees working in that area. This has streamlined the preparation of the annual fringe benefits tax return; and

- further development of financial risk management strategies by way of an overall assessment of risks and identification of appropriate risk treatments as well as a targeted assessment of fraud control and anti-corruption measures.

Cash management activities ensured the AFP met all payments in a timely manner and maximised investment opportunities. The AFP was able to achieve interest earnings in excess of the Department of Finance target. Steps undertaken to reduce the risk of fraud included the encryption of files transmitted to the Reserve Bank of Australia.

Much work in the latter part of the financial year involved preparing for the financial aspects associated with the APS becoming an operating division within the AFP from 1 July 2002.

The 2001–02 Budget included funding for an East Timor adjustment payment to be made to AFP officers who served in the first three detachments of peacekeepers in East Timor. During 2001–02 the AFP completed the ex gratia payments to these members to compensate them for missing out on a tax exemption that was available to Defence personnel and later detachments of civilian peacekeepers.

The majority of the Australian Federal Police Adjustment Scheme payments have also now been finalised with 10 per cent remaining to be paid out to members who deferred their entitlement until they separate from the AFP over the next few years.

3.3 Advisory Services

The Legal Group facilitated a range of operational and administrative activities on behalf of the AFP. Professionally qualified staff provided services in five main areas of activity – commercial, operational, employment, information release and claims. This involved providing advice on contracting and tendering issues, employment and governance matters, the management of civil claims and litigation, and general assistance in relation to a broad range of laws and legal processes that impact on the AFP. The Legal Group also managed the relationship between the agency and external providers of legal services to the AFP.

The Policy Group provided the necessary link between the understanding of the AFP's emerging operational environment and the exploitation of that understanding in policy development and corporate planning activities. Three key objectives for the area included:

- ensuring that policy development activities within the AFP assisted in meeting the requirements and expectations of government and the Commissioner;
- maximising benefits from policy relationships with partners and stakeholders, particularly in the context of high level forums (e.g. Australasian Police Ministers' Council (APMC), Police Commissioners' Conference (PCC); and
- ensuring that the AFP's policy positions were consistent with, and advanced, its overall strategic direction.

During 2001–02, a number of measures were suggested to support these objectives. In particular, the events of *September 11*, the subsequent Review of Australia's Counter-Terrorism Arrangements conducted by the Secretary of the AGD, and the Special Leaders' Summit on Transnational Crime and Terrorism held on 5 April 2002, generated significant

demands for briefing, advice and coordination of AFP views on the key policy issues arising in those contexts. The Group's involvement in advising the Executive on the implementation of the Leaders' Summit agreement was ongoing at the end of the reporting period.

The Policy Group coordinated the development of new policy proposals for the Government's consideration in the context of the annual budget process, working in close consultation with relevant operational areas and financial services staff. It also:

- provided secretariat support for the National Management Team and for the Science and Technology Steering Committee and its supporting committees, the Science and Technology Advisory Group and the Information Technology Advisory Group; and
- serviced the AFP's requirements as a member of peak national and Commonwealth law enforcement and associated bodies, and derivative, consultative and research bodies in relation to drugs policy.

In order to more effectively achieve its functions, the AFP took an active interest in the development of legislation. The Legislation Program cooperated closely with other portfolio agencies such as the NCA, Customs and AGD and was responsible for the AFP's participation in relevant parliamentary processes.

Ongoing legislative reform equipped the AFP to better meet emerging challenges posed by serious and organised crime. During 2001–02, fighting serious crime across domestic and national borders required legislative support in areas relating to policing powers and investigative tools, as well as new offences and proposed reform of the Commonwealth civil forfeiture regime to ensure that criminals do not profit from their unlawful activities.

Appropriate law enforcement powers and tools were secured through the enactment of the *Measures to Combat Serious and Organised Crime Act 2001*, and the development of mechanisms to deal with alleged terrorists and their financial base in the *Security Legislation Amendment (Terrorism) Act 2002* and related legislation.

Criminal activities such as money laundering, international fraud and e-crime have taken on new relevance following the events of *September 11*. Major reforms proposed under the *Proceeds of Crime Bill 2002*, when enacted, will align the Commonwealth with similar provisions in State and Territory jurisdictions. The effect will be to empower the AFP to target the economic base of serious and organised criminals and terrorists.

3.4 Information Services

A wide range of information services were delivered to AFP business units both nationally and internationally through Information Technology (IT) and Information Management (IM) in support of Outcomes 1 and 2.

The principal focus of IT was to provide a secure and reliable network (data and voice communications) to the AFP, to enhance the functionality of systems, particularly core business and operational software, and to develop relevant new technology.

IT delivered both enabling and operational services to the AFP that will ensure the AFP maintains its ability to combat criminal activity in the evolving high-tech environment. A range of IT support

services were also provided to Interpol, the NCA, the ABCI and CrimTrac networks. Work is currently being undertaken to provide IT data communications services to APS.

PROMIS was enhanced to keep pace with changing business requirements, policies and legislation. The system is securely delivered to AFP members wherever they are located, within Australia or offshore. An additional three sites were added during 2001–02. The development of PROMIS continues with Project Retain which is a three stage enhancement process to the AFP's property and exhibit handling module that will deliver improved accuracy with a simplified user interface.

A temporary Operations Centre, which was established as an additional node on AFPNET, provided full use of all core business applications, including PROMIS, and full email services, and successfully supported the AFP's contribution to CHOGM in March 2002. IT also provides the NCA and the Northern Territory Police, Fire and Emergency Services with PROMIS services.

During the year, IT operations underwent a stringent security review, which recommended that some processes be modified to enhance AFPNET so that it exceeds government security policy and standards. The recommendations were endorsed by AFP management and prioritised for implementation as part of a revised AFP security plan.

Support to Interpol in the South Pacific continued with the South Pacific Law Enforcement Extranet Project (SPLEXNet) expected to be completed towards the end of 2002. Additional support is being provided in the South Pacific to bring non-Interpol member countries on-line.

IM activity during 2001–02 focused on three key, interdependent areas:

1. enhanced information access, retrieval and brokerage;
2. improved data quality; and
3. redevelopment of the AFP corporate website and web-based applications.

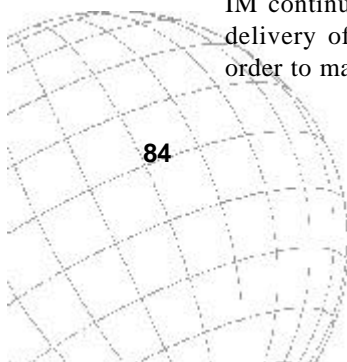
IM also implemented a number of business intelligence systems and services to enable effective operational and management reporting. Corporate systems and processes are now in place to provide meaningful evaluation information for the Executive and the Government. In addition, these performance measures are now part of the management culture of the AFP. Web technologies were used to deliver management information tailored to all levels of management.

An information brokerage function was implemented that pushes information to those requiring it and significantly increases the understanding of what and how information can be accessed. This service was part of the expansion and enhancement of library services.

IM has maintained and improved data within PROMIS. There is increased operational and management confidence in the data with continuing reductions in times for retrieval and entry of information.

The AFP corporate website was redeveloped in line with the Government's directives outlined by the National Office for the Information Economy in providing an increasingly interactive service with the public.

IM continued to work closely with IT and various business units within the AFP to ensure delivery of services relevant to the organisation. It also undertakes a research function in order to maintain currency with industry and organisational standards.



3.5 Forensic Services

Forensic Services provided close operational support to Outcome 1 and Outcome 2 and to external agencies including State law enforcement agencies. This included specialist-training workshops in fingerprint enhancement and other topics to State police forensic areas. Forensic Services deployed a mobile capability to CHOGM 2002 to provide on-the-spot, rapid analysis in the event of an explosive incident. Throughout the year a range of portable instruments were evaluated and introduced for casework application. Forensic Services continued to assess emerging technologies through attendance at major technology meetings and through ongoing research and development activities. Links with a number of academic partners were further strengthened.

Forensic Services managed the Glock pistol replacement program for the AFP and continues to give high-level advice on firearms issues, particularly in the development of a national approach to firearms policy.

Activities in support of illicit drug seizures included all initial forensic examination of seizures, management of analysis through the Australian Government Analytical Laboratories and contribution to drug intelligence. A range of activities were undertaken in the area of heroin signature profiling with research continuing to expand the scope of this program to include other illicit drugs.

The AFP contributed to the CrimTrac National DNA Database. The AFP's DNA analytical capacity was enhanced with the addition of the latest DNA analysis equipment. Trials have also started with automated sample processing using robotics. The new CrimTrac National Automated Fingerprint Identification System has been an outstanding success with the inclusion of a capability to search palm prints. The system is providing higher quality data, with more identifications in a quicker response time.

The AFP aims to be at the forefront in the application of science and technology for law enforcement and forensic services. Through ongoing strategies such as Electronic Evidence Teams and the dissemination of bomb related data, the AFP continued to seek, develop and exploit technology for forensic application.

During 13–17 May 2002 world leaders in the field of forensic science met in Canberra to attend the *16th International Symposium on the Forensic Sciences: Outcomes for Society* to discuss future developments in this field. Hosted by the Australia and New Zealand Forensic Science Society and the Australian Society of Forensic Dentistry the symposium aimed to enhance the quality of forensic science through the sharing of the latest technical developments. The AFP provided support to the symposium including sponsoring the attendance of a number of overseas delegates through the Law Enforcement Cooperation Program. AFP forensic staff contributed many papers across all categories with one individual receiving an award as best presentation by a young practitioner.

The symposium created a unique opportunity for interaction with a number of key international agencies such as the FBI and the Drug Enforcement Administration and assisted in enhancing international cooperation following the events of *September 11*.

Police Technical Teams

The Police Technical Teams (PTT), located nationally, provided significant technical surveillance support for AFP and other agencies. The year saw a continued emphasis on the provision of operational support offshore. The majority of activity undertaken by PTTs supported drug or illegal immigration investigations. In addition to supporting these investigations, the teams developed and controlled supporting security infrastructure for CHOGM 2002.

The PTT also provided technical training programs and assistance to international law enforcement agencies. A total of 12 training courses of various types were provided for internal and external students, as well as many smaller training opportunities.

Electronic Evidence Teams

The AFP's Electronic Evidence Teams (EETs) provided electronic evidence recovery and analysis capabilities in support of AFP and other agencies' criminal investigations. The AFP maintains EETs in Sydney, Melbourne, Canberra, Brisbane and Perth. During 2001–02, the EETs supported a range of investigations into drugs, fraud, people smuggling, money laundering, hi-tech and other criminal matters.

In line with the international trend to recognise electronic and computer forensics as a distinct forensic discipline, the AFP will create an Electronic and Computer Forensic area within Forensic Services from 1 July 2002. This decision was taken during 2001–02, and will involve the transfer of the existing EETs to Forensic Services.

Telecommunications Interception (TI)

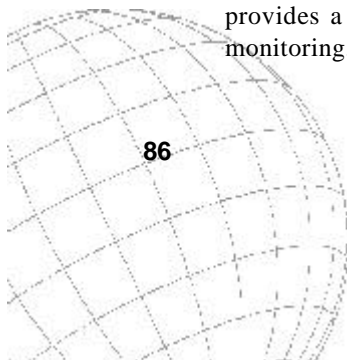
The overall management of Australian law enforcement telecommunications interception is the responsibility of the AFP under the *Telecommunications (Interception) Act 1979*. The AFP enables the execution of warrants for law enforcement 'agencies', as defined in the Act, which are authorised to allow lawful telecommunications interceptions.

AFP use of TI continued to increase, primarily due to investigations undertaken by the NIDS funded strike teams.

In early 2000, the AFP and the NCA agreed to establish a joint project to pursue the replacement of their then ageing TI systems, with two systems acquired from the same vendor. An acquisition process identified a wholly-owned Australian company which has the largest installed Australian customer base for agency interception systems, and whose system suited AFP and NCA requirements.

The AFP system was commissioned for operational use in December 2001, and the NCA system in March 2002. The agencies operate two autonomous sites using standardised systems. Each site provides operating capacity sufficient to meet the individual agency's operational requirements, while also supporting business continuity planning by providing a back-up interception capability to the other agency.

The new system is operationally and technically more efficient than its predecessor, and provides a range of facilities that significantly aid and enhance the processes of collection, monitoring, and evidence preparation.



The integration between the TI system and AFPNET, which began in the last reporting period is now complete, with access incorporating all of the security aspects of the AFP's Local and Wide Area Network systems. Regional access to the TI system and product is now available at the standard AFP desktop, and has reduced the time taken by investigators to access information.

3.6 Commercial Services

Commercial Support provides a range of corporate support services to the AFP. These services include property and facilities management, national procurement and contracts, criminal records, travel and fleet management and coordination of risk management and Comcover arrangements. A number of these services are provided with the assistance of external providers through outsourced arrangements.

Commercial Support also oversaw a range of building works including:

- rationalisation and refurbishment of the AFP's head office and Weston Complex in Canberra, to accommodate new functional objectives directly attributed to *September 11* events and subsequent revised administrative arrangements orders;
- completion of the refurbishment of Melbourne office;
- completion of the refurbishment of Brisbane office, incorporating CHOGM requirements; and
- commencement of master planning for consolidation of AFP national functions in Canberra, including due diligence inquiries for purchase of a site to be used for support activities for training, including peacekeeping operations.

Memoranda of Understanding (MOU) are being established with major clients that set out agreed turnaround times for the provision of criminal record checks for pre-employment screening. During the year, MOUs were established with the Department of Employment and Workplace Relations, with regards to checks conducted for the Work for the Dole program and the Australian Nuclear Science Technology Organisation.

Market testing and review of corporate support functions arising from the Commercial Support Program implemented in 1998-1999 and Performance Improvement Plan processes continued. In August 2001, the AFP established a Commercial Governance Committee (CGC), which replaced the former Management Review Steering Committee that had been responsible for overseeing the Commercial Support Program.

In establishing the CGC, the AFP recognises the increased contestability and commercial nature of many of its activities and the need to ensure that the Commonwealth's core procurement principle, value for money, is achieved (whether these services be contracted-out or delivered in-house). The CGC is also responsible for monitoring the Performance Improvement Cycle activity within the AFP. In relation to facilities management, the AFP has engaged the services of a consultant to review its current service delivery model that has a mix

of services delivered in-house and contracted out. This review will form the basis upon which decisions can be made regarding future AFP service arrangements.

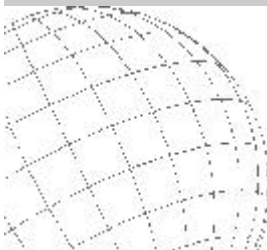
During the current year, the CGC has issued several practical guides to assist AFP business areas undertaking competitive tendering and contracting, including contract management, such as:

- *AFP National Guideline On Procurement, Commercialisation And Contracting;*
- *AFP Practical Guide On Engaging Contractors And Consultants ; and*
- *AFP Practical Guide On Thresholds For The Procurement Of Goods and Service.*

CHAPTER 4 MANAGEMENT AND ACCOUNTABILITY



The AFP Commissioner is responsible for the general administration and control of the operations of the AFP. The Commissioner is located in the AFP's head office in Canberra.



CHAPTER 4

MANAGEMENT AND ACCOUNTABILITY

4.1 Corporate Governance

Organisational Management and Structure

The strategic management of the AFP is conducted within the framework of its functions, defined in section 8 of the AFP Act, and the Government's priorities and expectations of the AFP which are identified in Ministerial Directions given under section 37(2) of the Act (see page 7).

The AFP's organisational structure is directly aligned to the outcomes deliverable to government. This alignment establishes a link between the management and accountability within the AFP and government. This is achieved by maintaining a high level of performance, against projected financial expenditure.

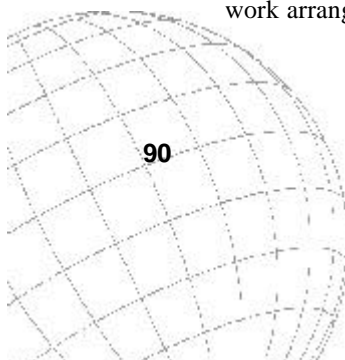
The Commissioner, and the Deputy Commissioner of the AFP, are both statutory appointments under section 17 (1) of the AFP Act. The Commissioner is responsible for the general administration, and the control of the operations of the AFP. The Deputy Commissioner, Chief Operating Officer, and the ACT Chief Police Officer form the second level of senior executives.

Below the four executive positions of Commissioner, Deputy Commissioner, Chief Operating Officer and the ACT Chief Police Officer are five team titles or roles (excluding some areas in ACT policing) of General Manager, Director, Coordinator, Team Leader and Team Member. In all instances the title denotes a role, not a level or rank.

General Managers are responsible for the leadership, administration and management of a significant discrete corporate business unit. Each General Manager is accountable for the performance of their business unit to the executive and the National Management Team.

Directors are responsible for the leadership, administration and management of a discrete corporate entity on behalf of General Managers and for ensuring corporate policies and priorities are implemented and followed.

Coordinators guide a number of teams. In smaller entities the roles of Director and Coordinator may be combined. Team leaders manage teams of either single or multiple functions, and are responsible for planning to meet objectives, managing devolved budgets and negotiating flexible work arrangements with team members.



Remuneration of Senior Executives

Responsibility for determining terms of appointment, salaries and conditions of service for senior executives of the AFP is vested in the Commissioner of Police. All senior executives are employed under individual agreements with the Commissioner. The Commissioner, in consultation with the executive and individual senior executive officers, considers these agreements annually. The Commissioner has regard to the senior executive's role, responsibilities and performance in meeting the AFP's corporate objectives. Where, as a result of these discussions, any adjustment to a senior executive's remuneration package is considered appropriate, the Commissioner will formally enter into a new agreement with the senior executive.

Senior Management Committees

Senior Management Committees contribute to the corporate governance of the AFP by assisting in the policy development and decision-making framework to achieve required outputs efficiently and effectively.

The Commissioner chairs the National Management Team (NMT), the peak decision-making body of the AFP. At 30 June 2002, the NMT also included the Deputy Commissioner, the Chief Police Officer of the ACT, the Chief Operating Officer and 12 General Managers.

Six sub-committees report to the NMT, which further supports the corporate governance role within the organisation.

The National Operations Monitoring Team is responsible for the oversight and management of operational activity across Outcome 1. It is chaired by the Deputy Commissioner and principally includes General Managers with operational responsibilities. It meets on a monthly basis.

The Security and Audit Team is chaired by the Chief Operating Officer and meets quarterly. It is responsible for overseeing security and audit activity in the AFP.

The Science and Technology Steering Committee oversees the AFP's research, development and investment in new and emerging technologies. It is chaired by the Chief Operating Officer and meets quarterly.

The Human Resource Development Team considers people strategy issues including new processes for advancing operational members through defined grades based on demonstration of specific skills and leadership behaviours.

The Commercial Governance Committee determines policy guidance in relation to commercial activities on behalf of the AFP and reviews commercial activities to ensure appropriate standards are maintained.

The Board of Studies was established during 2001–02 to ensure the delivery of necessary learning and development services to the AFP. It is chaired by the Deputy Commissioner and meets quarterly. The Board of Studies has responsibility for all academic matters relating to the AFP including course structure, assessment/examination procedures, workplace training and providing corporate advocates for all Learning and Development Schools.

Strategic Management

The AFP's strategic outlook is reflected in the document *Corporate Directions 2001-2004*. It brings together the AFP's vision, mission and values, key business strategies, performance outcomes and the major facets of its environment. This statement is reviewed annually and adjusted to take into account key changes such as those resulting from the outcomes of the Special Leaders' Summit and the decision to make the APS an operating division of the AFP.

The AFP's strategic plan is supported by insights provided by an annual environmental scan which covers possible developments in the AFP's environment looking two years ahead. The NMT considered the latest environmental scan at its February 2002 meeting where it was applied to identify and prioritise key issues for strategy development and action. The environmental scans are supported by strategic scenario analysis projects, chosen by and undertaken for the NMT, which look five years out. Scenario projects completed during 2001-02 related to possible futures for the AFP in 2006 and possible workforce requirements in 2007.

The AFP's strategic management approach leads into a comprehensive business planning, performance reporting and performance improvement cycle that flows through its hierarchy of business structures to individual performance agreements. Major elements of this system are detailed in Chapter 2.

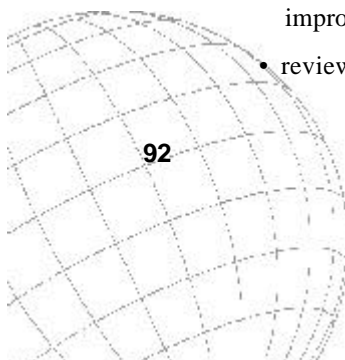
The AFP, like public sector agencies, operates in a complex and increasingly integrated governance context. The AFP's management of its human and material resources and the exercise of its investigative powers are governed by a range of legislation including the *Financial Management and Accountability Act 1997*, the *AFP Act*, the *Complaints (Australian Federal Police) Act 1981*, the *Crimes Act 1914*, the *Privacy Act 1988*, the *Occupational Health and Safety (Commonwealth Employment) Act 1991* and government-wide processes such as the Budget.

To ensure it complies with its accountability requirements in an organised way, the AFP has established integrated governance processes and resources. Organisationally, this takes the form of corporate and business planning, risk management, a range of executive decision-making committees and various organisational committees. The main resource for AFP employees to ensure they are aware of their powers, rights and obligations and that their actions and decisions are fairly reviewable is a framework of policy instruments known as the governance framework which comprises national policies, Commissioner's orders, national guidelines and practical guides.

Business Planning

The AFP's business planning framework implemented in 2000-01, continued through 2001-02. Briefly, these elements include:

- setting and monitoring targets for a wide range of investigational outputs, based on client needs as identified through independent client satisfaction surveys, and intelligence derived from Crime Management Strategies;
- linking human and financial resources to these investigational outputs;
- enhancing performance through the implementation of PIPs which focus on activities that improve performance against the AFP's three KPIs;
- reviewing operational performance and effectiveness through a program of BAAs and the



preparation of business cases for specific service elements;

- ensuring that resources are effectively targeted to the highest priority work through consistent and rigorous application of the AFP's CCPM; and
- recognising the need to be knowledge based (where knowledge encompasses traditional criminal intelligence, awareness of clients' needs and objective performance planning and reporting systems), the AFP has continued to develop its performance information. While this is required for government reporting, the internal rationale for performance reporting is more important than the external one. Today's managers in the AFP recognise that performance information must be global and directional, achieving an effective balance between the need to identify good and bad performance; the need to shape and direct future activities; and the need to understand and communicate how effective the organisation is in achieving its service delivery outcomes.

During this reporting period, targets continued to be set, monitored and refined for the following major investigational outputs: drugs (imported); fraud; corporate, bankruptcy and intellectual property; electronic and telecommunications crime; money laundering and Financial Transaction Reports Act (FTRA) offences; counterfeit currency; environmental crime; corruption; multiple voting; general crime; people smuggling; transnational sex offences; agency liaison and assistance; family law orders; international liaison; and protection services.

PIPs were reviewed and revised for 11 key areas of AFP operational activity, these being: airport intelligence; client liaison and evaluation; drug and property registries; financial investigations; information coordination; monitoring and reporting; operations; security and audit; strategic intelligence; surveillance and target development. During this reporting period, PIPs were developed for four operational and support areas: international operations; operational intelligence; human resources; and finance local business service groups.

AFP achievements in relation to operational performance and effectiveness for Outcome 1 are reported under Performance Measures 2 and 3 respectively, where assessments are made regarding the level of client satisfaction with AFP investigation services and the efficiency of AFP services.

Major achievements in the reporting period included: the effective completion of 11 BAAs, covering all major business units; the revision of the CCPM to better capture clients' assessments of the impact and priority of the work which they refer to the AFP for possible investigation; and the receipt on 25 June 2002 of a Silver Award for excellence in Service Charters. The award, which was presented by the Minister Assisting the Prime Minister for the Public Service, the Hon Tony Abbott, MP was for demonstrated excellence in integrating service charters into core service delivery outcomes and organisational culture. The AFP was one of only two agencies to receive awards in successive rounds (2002 and 2000).

Internal audit and risk management

Internal Audit supports the governance of the AFP and reports on its activities through the Security and Audit Team (SAT). Table 17 in Appendix 3 summarises the audits and significant projects completed by Internal Audit during the period. The mix of in-house and contracted internal audit activity remained at about equal proportions, and the total level of activity remained at a historical high.

The SAT received 16 distinct internal audit reports in 2001–02. There was a shift towards performance audits compared to regularity audits in this period.

Governance audits of ACT Community Policing and the Australian Institute of Police Management (AIPM) assisted the significant reform processes that had already been initiated by management. Audits were also undertaken on assumed identities and covert technical surveillance functions focusing, in particular, on the need to meet community expectations in the exercise of special police powers.

Major audits of Payroll and IT Security were undertaken. The former verified that employee-related expenses as reported in the annual financial statements were correct and proper, while the latter provided timely threat and risk assessments of the AFP's key IT systems. The IT Security audit will be one element of the AFP's response to government on the possible outsourcing of Information Technology services.

SAT monitoring of the AFP's accountability for seized drugs and property continued throughout the reporting period. Progress was also made on improving the relevant management information systems. Audits were completed on the AFP's business units in Darwin and Cairns, which addressed this issue, among others. Responses to the annual self-assessment exercise for 2001 were timed to coincide with the start of another round of internal audits of the six major drug and property registries. These audit reports were among a dozen audit reports in progress at year's end.

SAT remained the main management review point for progress against the Risk Management Plan, the Security Plan, and the Fraud Control and Anti-Corruption Plan. The latter activity is reported on at page 95 under Ethical Standards.

In line with the Government's expectation of a continuing commitment to risk management, the AFP has established risk management committees across all business units. These committees co-ordinate comprehensive risk assessments (quantitative and qualitative) of those risk categories not covered by the OH&S Risk Management Plan and the Fraud Control and Anti-Corruption Plan, and Security Plans.

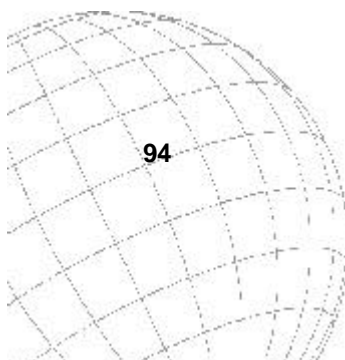
The AFP released a National Guideline on Comcover reporting which outlines the reporting obligations of all AFP employees relating to liability incidents and compensation claims relevant to the AFP's Comcover Policy.

A risk management workshop, to confirm the AFP's key strategic risks and to identify strategies to treat them, was conducted for the AFP's National Operations Management Team.

The AFP participated in Comcover's risk management self assessment benchmarking in November 2001 and again in May 2002.

In 2001–02, the AFP provided further training for employees, who will assist their business units throughout Australia to understand and apply risk management in their business planning and operations.

AFP statistical data on instances of internal fraud are reported annually to AGD.



Ethical standards

Maintenance of a Professional Standards Regime

For the reporting period, Professional Standards was responsible for investigating and managing all complaints and oversees the AFP's integrity programs. The Commonwealth Ombudsman oversees all complaint matters and reports independently to parliament.

Numerous mechanisms exist that allow members of the community to make complaints against individuals in the AFP or against the organisation itself. Complaints can be made in writing, by telephone or orally, direct to the AFP or the Commonwealth Ombudsman.

More than 50 per cent of complaint matters continue to be dealt with by conciliation under provisions of the *Complaints (Australian Federal Police) Act 1981*. This recognises that client-service issues of a relatively minor nature constitute a significant portion of all complaints. Line managers continue to have primary responsibility for dealing with these issues. (See *Table 12: Results of completed investigations (complaints) 2001–02* on page 119 and *Table 14: Results of completed investigations (allegations) 2001–02* on page 121).

The AFP has sought to enhance awareness of, and access to, the complaints process during 2001–02 by utilising the AFP Internet site, developing information brochures and developing a specific client satisfaction survey relating to the conciliation process. Strategies have also been implemented to ensure that consultation with key stakeholders continues to assist in the development of a responsive and accountable complaint's process for the AFP.

Professional Standards sought to respond openly to enquiries, deal with issues quickly, provide feedback where possible and provide training in the area of complaint resolution and best practice.

The AFP commissioned an independent review of its disciplinary process. The review is partly in response to the report by the Senate Legal and Constitutional Reference Committee into the Management Arrangements and Adequacy of Funding of the AFP and NCA (the McKiernan Report) which recommended a review of the AFP's procedures for dealing with complaints and allegations. It is also in response to AFP concerns about the level of tension created in the workplace by the somewhat uncertain nature of the current complaints and disciplinary processes.

The review is to examine ways to deal with professional standards issues in the AFP, in particular, the managerial model or administrative approach to professional standards. The review is expected to be completed by August 2002.

AFP Confidant Network

The AFP Confidant Network is a unique system for the protection and encouragement of employees who report concerns about management practices, welfare issues, misconduct or corruption in their colleagues. The confidants give regular feedback to their clients on the progress of the matter and monitor their well-being to ensure they are not subject to any form of detriment or harassment. The AFP Confidant Network has now absorbed the harassment contact officer's role and all workplace harassment is now reported and recorded through the one program.

During the reporting period, 142 matters were referred to the program through confidants. Of these, 13 involved criminal activity, 19 related to sexual harassment with the remainder relating to various administrative and workplace procedures. There was a 40 per cent increase in confidant applications, which in turn has led to a substantial increase in training.

Fraud Control and Anti-Corruption Plan

The 1999–2001 Fraud Control and Anti-Corruption Plan was finalised during 2001–02 and the results were reported to the SAT in December 2001. It was found that all participants met the objectives in the context of the review at the time of completion.

The review revealed that risk management and security awareness appeared to be firmly embedded in the psyche of the AFP based on the demonstrated level of compliance with implemented controls and measures.

In the latter part of 2001, a fraud and corruption risk assessment was conducted within the AFP. The results of the risk assessment were based on the participation of respondents across the organisation. This represented the most comprehensive fraud and corruption risk assessment ever undertaken by the AFP. The risk assessment was conducted pursuant to the Australian Standard for Risk Management, AS/NZS 4360: 1999.

The analysis revealed the highest risk categories confronting the AFP as:

- information technology and information security;
- physical security; and
- personnel security.

The information flowing from the fraud and corruption risk assessment formed the basis of the 2001–2003 Fraud Control and Anti-Corruption Plan. Action plans were subsequently developed from identified risks. The action plans identify existing controls and a series of actions to counter the risks of fraud and corruption.

4.2 External Scrutiny

Judicial decisions/administrative tribunals decisions impacting on operations

Like those of other public sector organisations, the operations of the AFP and the actions of its staff are occasionally affected directly or otherwise by judicial or administrative decisions. The implications for the AFP in a given case are assessed by the Legal Team, which may seek further specialist advice as required. Any necessary adjustments to operating procedures or staff conduct arising from that assessment are then promulgated throughout the AFP by the most appropriate means, for instance, written advice, publication of a directive/guideline, or the making of a Commissioner's Order. During the reporting period no judicial or administrative tribunal decisions directly impacted on the way the AFP conducts its operations or on existing AFP policy.

Parliamentary committee reports

During the year, the AFP appeared before the following Parliamentary hearings and committees on the dates listed:

Estimates Hearings

- 19 February 2002 – Consideration of Additional Estimates
- 29 May 2002 and 31 May 2002 – Budget Estimates

Other Parliamentary Committees of Inquiry

- 19 July 2001 – Senate Legal & Constitutional Legislation Committee – *Cybercrime Bill 2001*.
- 31 January 2002 – Senate Legal & Constitutional Legislation Committee – *Proceeds of Crime Bill 2002*
- 27 March 2002 – Senate Legal & Constitutional Legislation Committee – *Proceeds of Crime Bill 2002 & the Proceeds of Crime (Consequential Amendments & Transitional Provisions) Bill 2002*.
- 19 April 2002 – Senate Legal & Constitutional Legislation Committee – *Security Legislation Amendment (Terrorism) Bill 2002 & related bills*.
- 7 June 2002 – Senate & Legal Constitutional Legislation Committee – *Inquiry into the Provisions of the Australian Protective Service Amendment Bill 2002*.

Auditor-General reports

The ANAO performs the annual audit of the AFP's financial statements, and of performance measures relating to the AFP's ACT Community Policing contract with the ACT Government. The Auditor-General's opinions arising from this work appear in the relevant public reports.

The AFP has not been the primary subject of any Auditor General reports tabled in this financial year. The AFP's role in fraud prevention and/or investigation was canvassed in the following Auditor-General's Reports for 2001–02:

- No. 2 – *Examination of Allegations Relating to Sales Tax Fraud re Australian Customs Service and Australian Taxation Office*.
- No. 20 – *Fraud Control Arrangements in the Department of Agriculture, Fisheries and Forestry – Australia*.
- No. 26 – *Management of Fraud and Incorrect Payment in Centrelink*.

As part of its audit on the Management framework for preventing unlawful entry into Australian Territory (which sought to assess DIMIA's management of offshore measures to prevent and detect unlawful entry and to identify opportunities for any improvement), the ANAO made reference to AFP-DIMIA relationships. The ANAO noted that, at that time, the AFP and DIMIA had not developed a strategy or framework for investigating organised people smuggling. The AFP was able to subsequently advise ANAO that it had initiated and drafted an MOU between the AFP and DIMIA which outlines procedures on such matters as: prioritisation of investigations; liaison intelligence management; and financial issues. It also provides measurement for outputs, and onshore and offshore performance measures. The MOU is underpinned by a wider service agreement, which was signed by the AFP and DIMIA on 1 February 2002.

The AFP was among agencies that were specifically reviewed in the context of cross-agency and cross-portfolio audits undertaken by the Australian National Audit Office. These included 2001-02 report No. 8 – Disposal of Infrastructure, Plant and Equipment, for which an AFP specific management letter was dealt with and ANAO Assurance and Control Assessment report 53 – Goods and Services Tax Administration by Commonwealth Organisations tabled in parliament in May 2002. A similar audit of Risk Management and Insurance was in progress at year-end.

The SAT systematically reviews all Auditor-General reports for possible relevance to the AFP, and has obtained self-assessment responses to seven reports from the relevant AFP business

areas, which have indicated the AFP is dealing appropriately with the risks identified in these reports. The subjects addressed by these self-assessments included: travel arrangements; benchmarking the finance function; notification of contracts valued at more than \$100,000 on agency Internet sites; engagement of consultants; disposal of assets; personnel security clearances; and software licensing. A number of other Auditor-General reports were brought to the attention of relevant line managers.

Ombudsman's reports

No formal report from the Commonwealth Ombudsman required a response from the AFP. The Ombudsman did oversee the investigation into a police shooting in Canberra on 11 December 2001. This matter is reported in the ACT Community Policing Annual Report 2001–02.

4.3 Purchasing & Assets Management

The Commissioner's Financial Instructions and the AFP's National Guideline on Procurement, Commercialisation and Contracting, set out the policy and procedures to ensure that AFP purchasing processes comply with the Commonwealth's core procurement principal of achieving value for money.

The CGC and the SAT oversee AFP compliance with the Commonwealth's Procurement Guidelines including the participation of Australian and New Zealand enterprises and to small/medium businesses. The AFP's National Procurement and Contracts Team continues to provide advice and assistance with complex purchasing to all areas of the AFP.

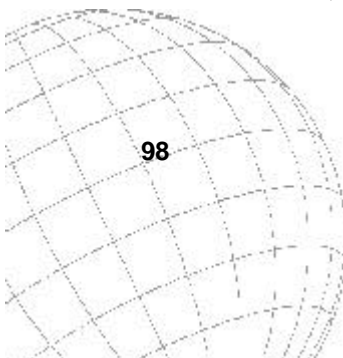
During the year, the CGC issued several practical guides to assist AFP business areas undertaking competitive tendering and contracting, including contract management. The AFP also conducted an internal review of local purchasing procedures across business units to ensure consistency and streamline processes when appropriate.

Opportunities to do business with the AFP are either published in the Commonwealth Electronic Tender System and/or in the national and local press, except for those instances where the commercial benefit being offered does not warrant this approach.

The AFP is presently formulating its assets management plan involving a more strategic approach to forward asset planning.

The key objectives of this asset management plan are to ensure that:

- only those assets that are required for the efficient, effective and ethical operations of the AFP are purchased and maintained;
- asset replacement is undertaken in a timely, efficient and cost effective manner;
- AFP assets are protected against loss and damage; and
- systems and procedures are in place to enable the accurate reporting of assets held by the AFP.



4.4 Consultants and competitive tendering and contracting

The AFP engaged 19 consultants during 2001–02, at a total expenditure of \$875,666.48.

These consultants were retained for the purposes of undertaking projects and providing advice in relation to human resources, strategic planning and audit. The AFP engages consultants in response to the need for independent advice and specialist skills.

Each consultancy task is defined in a specification or brief, and bid comparisons are assessed against identical, pre-determined evaluation criteria outlined at the time bids are sought.

Detailed information on consultancy services provided to the AFP can be found on the AFP Internet site www.afp.gov.au under “Government and Corporate”, then “Information Access”.

During 2001–02, the AFP’s advertising and market research was limited to recruitment activities.

The AFP did not contract out any government activities during 2001–02. However, the following contracts were let during a previous reporting period, and are ongoing:

- facilities management;
- records management;
- audit services;
- driver training; and
- psychological services.

In relation to facilities management, the AFP has engaged the services of a consultant to review its current service delivery model that has a mix of services delivered in-house and contracted out. The review will inform decisions the AFP might take regarding its future service arrangements and services to be contracted out.

All AFP contracts allow for access by the Auditor-General to contractors’ premises. During 2001–02 the AFP has entered into contractual arrangements that have not been published in the Purchasing and Disposal Gazette for security reasons.

4.5 Commonwealth Disability Strategy

The AFP encouraged its key non-operational employment business units to consider employment opportunities for people from diverse backgrounds, including people with disabilities during 2001–02. AFP business units are identifying suitable positions for potential employees with disabilities. For example, AFP Sydney office, working in partnership with a government funded employment service for the deaf and hearing impaired, has introduced Auslan training and engaged a hearing impaired person as an investigative assistant.

Recruitment selection, placement and advancement practices were shaped to facilitate the selection of diverse groups. Due to specific requirements for operational law enforcement roles, the AFP has focused on employment opportunities for people with disabilities in non-operational roles and the Melbourne office has engaged a research officer who has cerebral palsy.

The AFP continued to improve the support mechanisms in place for new and ongoing employees. Funding and assistance was provided for ongoing skill development and training for employees

with disabilities and education for others as required. Employees with a disability were also encouraged to participate in the various employee support networks and to provide advice, assistance and education in relation to their circumstances.

Some 325 managers and supervisors were recently surveyed in regards to diversity issues. When asked to comment whether a person who was disabled could do their job, the majority of team leaders and coordinators surveyed were receptive to the proposal that a person with a disability could, potentially, perform their role.

The AFP acknowledges the need for the organisation to reflect the people it serves. Given the physical and cognitive requirements of a policing role, this response is indicative of an organisation that welcomes diversity.

The AFP is currently reviewing the physical and operational fitness standards for its sworn members. This process will assist the AFP to make better deployment decisions in regards to people with disabilities and other diversity groups in operational policing roles.

4.6 Ecologically sustainable development and environment performance

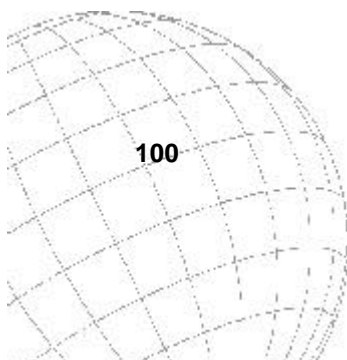
During 2001–02 the AFP continued to implement policies that reduce its impact on the environment. Where possible, solutions are sought that:

- ensure energy savings will be achieved;
- can achieve a high rate of return for the money invested;
- minimise additional maintenance costs; and
- do not compromise staff comfort.

AFP establishments participate in office paper recycling programs and the photographic laboratory at Weston undertakes silver recovery procedures. Spent photographic processing chemicals and chemical and biological waste from Forensic Services are removed from AFP premises by commercial waste disposal contractors who are responsible for compliance with industry standards.

Components of the AFP's Environmental Crime Management Strategy include bio-diversity conservation, heritage protection and air, land and water pollution (See page 53 for more details).

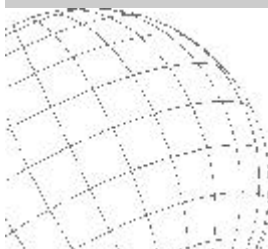
The AFP investigates environmental crime and where successful prosecutions occur, these matters are publicised as a deterrent to future potential offences involving environmental damage. During the reporting period the AFP was involved in 15 environmental crime investigations from which five were finalised with nine investigations continuing into the following financial year. One investigation was terminated.



CHAPTER 5 HUMAN RESOURCES



The AFP selects its people from a wide recruitment base in order to best meet the diversity of activities it undertakes on behalf of the Australian Government.



CHAPTER 5

HUMAN RESOURCES

5.1 Overview

Since the mid-1990s when the AFP adopted an organisational structure based on flexible, empowered teams, it has moved progressively to support that structure with relevant human resource management and development initiatives. The focus has been on maintaining a flexible, adaptive workforce capable of responding to whatever changes or challenges the external environment presents. The success of the work to date was shown following the terrorist attacks on the US on *September 11*, by the AFP's ability to quickly redirect technical and human resources into counter-terrorism activities and to meet an immediate increased need for close personal protection of VIPs.

People Strategies

In 2001–02, the AFP focused on identifying motivation and career issues affecting AFP employees, with a view to improving the AFP's capacity to attract, develop, motivate and retain high quality employees.

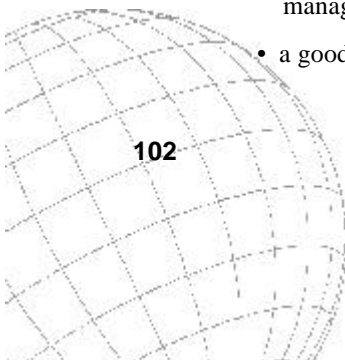
Initiatives included:

- the conduct of a Staff Opinion Analysis and Review Survey (SOAR survey);
- analysis of recruit aspirations and expectations;
- the conduct of management seminars for team leaders and coordinators;
- review and improvement of recruitment campaigns and processes; and
- re-establishment of a rolling recruitment program to sustain operational police staffing levels and provide additional police to provide capacity to deliver services against new measures announced in the 2002–03 Budget.

Staff survey

The SOAR survey achieved an 84 per cent response rate. Key results were:

- a high level of employee interest, medium levels of employee satisfaction and excellent levels of employee commitment;
- a very good manager score revealed the AFP has in place effective and motivating immediate manager or team leader styles;
- a good job score also indicates that for many AFP employees, their work challenges and uses



their individual skills and abilities;

- low scores in organisation and career, however, indicate the AFP needs to improve its leadership systems and organisation dynamics; and
- the need to improve career, recognition and development opportunities was one of the most significant areas identified for improvement.

When benchmarked against other SOAR survey users, the AFP scored significantly higher scores on staff interest and comparatively higher scores on staff satisfaction and commitment. Job and manager scores were also comparatively high. However, scores on the career and organisation levers were below average when compared with all SOAR users, but comparable with public sector agency results.

The results of the SOAR survey and feedback from employee seminars, were used to re-cast strategic people strategies initiatives including:

- use of the people development framework as a means of clearly identifying AFP expectations regarding the qualities and behaviours expected of AFP employees;
- development and introduction of a grade advancement strategy applying to operational team members to provide a clear career path for the development of junior team members into experienced team members;
- alignment of role descriptions and selection criteria for senior executive AFP employees and operational coordinators with the leadership capability framework;
- review of the employment management program, used to evaluate the performance and development of all employees, with a view to focusing performance objectives and appraisals on performance improvement against the leadership capability framework;
- review of advancement selection processes;
- development of a leadership program which provides opportunities for employees to develop their capabilities against the leadership capability framework; and
- local SOAR initiatives also being implemented by office management teams.

The SOAR survey will be repeated in March 2003 and will provide a key measure for improvements in staff motivation and satisfaction.

Workforce Planning

At 30 June 2002 the total number of AFP employees was 3051. Of these, 2286 were working in Outcome 1 (National, International and Enabling Services) and 765 were working in ACT Policing. Total sworn members (uniform members and federal agents) was 2043. A detailed breakdown of the geographical distribution of sworn and unsworn AFP members can be found in Appendix 4, Table 21.

Worklife diversity

The AFP continued to implement innovative worklife diversity programs, with the launch of the Worklife Diversity Business Plan 2001–2003: *Beyond Compliance*. Its three aims are to:

- be an employer of choice by maximising workplace diversity;

- introduce and maintain flexible work life balance arrangements that deliver positive benefits to the AFP and to the individual; and
- foster a harmonious working environment.

Initiatives under this program included:

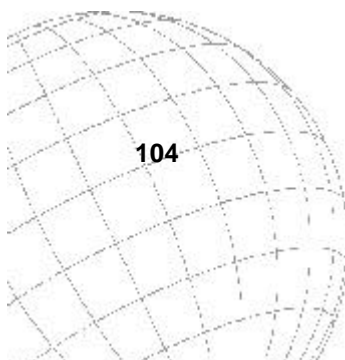
- every AFP employee was required to complete on-line training on the responsibilities and obligations regarding workplace harassment and sexual discrimination;
- harassment contact officer training was delivered to 110 employees;
- the Mulunggang Indigenous Officers Network promoted and fostered improved community relations through involvement in NAIDOC week and Career Expos. MION is also active in ongoing recruitment, retention and career management strategies through involvement in community events and networking;
- promotion within the AFP of involvement in key community events including National Harmony Day, NAIDOC week, World AIDS Day, International Day of People with a Disability, the Victoria Pride March, Sydney Mardi Gras, International Women's Day;
- fostering all AFP internal networks, including the Mulunggang Indigenous Officers Network, the Gay and Lesbian Liaison Officer Network, the National Women's Consultative Team, the Women's Network, the Confidant and Welfare Officer networks and the Harassment Contact Officers.
- continued external liaison through the Public Sector Women's Policy Officer Network, the Council of Australasian Women in Policing, the Public Service Merit Protection Commission Diversity Network and Australian New Zealand Equal Opportunity Consultative Committee; and
- preparations for co-hosting the 2002 Women and Policing Globally Conference, starting 20 October 2002.

5.2 Recruitment and Retention

The AFP recruited 424 additional employees in 2001–02, comprising 47 sworn and 377 unsworn members. The number of unsworn members included 211 new agent recruits. During the year, the AFP implemented an intensive recruitment program that will continue through 2002–03 to meet the demands arising from increased responsibilities for counter-terrorism activities and other new measures announced in the 2002–03 Budget.

The average length of service for AFP members is 10.4 years. For sworn members (uniform members and federal agents) the average length of service is 12.6 years. (see Appendix 4)

The annualised attrition rate for 2001–02 was 6.33 per cent, compared with the 2000–01 rate of 8.83 per cent.



5.3 Learning and Development

Learning and Development, through its programs, assists new and established employees to achieve corporate outcomes. Learning and Development was restructured during 2001–02 to incorporate innovative learning and development methodologies in addressing professional development needs of the AFP. This evolving structure continues to be aligned with a university-style education system with the establishment of two new faculties making three faculties to serve the specific training needs of the AFP. The three faculties are:

- Faculty of Policing – responsible for the delivery of core and advanced investigational skills;
- Faculty of Security and Public Order – responsible for the delivery of core and higher-level operational safety, close personal protection, peacekeeping and national security training; and
- Faculty of Professional Development – responsible for the delivery of leadership, management, professional standards, forensic, surveillance and intelligence training products.

In order to ensure the delivery of necessary services the AFP has established a Board of Studies with the responsibility for all academic matters relating to the AFP and, in particular, but not restricted to:

- the content, structure, evaluation and monitoring of programs of study delivered;
- endorsing assessment and/or examination procedures used in programs or parts of programs;
- endorsing the certification process of course completion;
- researching priorities and activities for workplace training needs; and
- providing corporate advocates for all Learning and Development Schools.

The AFP places a high premium on equipping employees with the skills and competencies required to address the emerging environment, especially post *September 11*. This was particularly the case with the start of high levels of police recruitment to meet government expectations of the AFP in the foreseeable future. The establishment of a Recruit Training School, within the Faculty of Policing, provided sufficient resources to maintain high-quality training for new recruits.

During 2001–02 there was significant progress on leadership development, e-crime, financial and advanced investigations and intelligence training and development. Existing training services for forensic, surveillance, operational safety and other corporate training programs were maintained with a high commitment to professionalism, quality and customer service.

During 2001–02 the number of enrolments in AFP programs, workshops or seminars totalled 5891 participants of which 4724 were AFP employees. The range of programs and numbers of participants trained included:

- 4051 AFP participants on internally or nationally accredited programs;
- 683 external clients on internally accredited programs or workshops;
- 473 participants in leadership and management programs;
- 200 recruits on the Diploma of Public Safety (Policing); and
- 484 internal and external clients on AFP workshops or seminars.

Overseas law enforcement agencies, particularly those in the Asia-Pacific region, were supported with training services through the LECP. The training focused on intelligence, crime scene management, fraud and narcotic investigations.

Requests for the development and delivery of training to international agencies throughout the Asia-Pacific region and the rest of the world during the past year were significant. A total of 253 participants were trained under various LECP sponsored training programs. An additional 650 students from the Royal Thai Immigration Bureau were trained at the International Law Enforcement Academy in Bangkok where AFP Learning and Development have a full-time trainer in residence. The training focused on intelligence, crime scene management, fraud and narcotic investigations.

The AFP On-line Learning system continued to be developed, providing more flexible web-based delivery options for training and development programs for all personnel.

Total expenditure on learning and development activities amounted to approximately \$17 million or about 4 per cent of the total AFP budget.

Training strategies

A range of key training and staff development strategies were implemented and supported over the past year. Learning and Development continued to forge links with the Australian Institute of Police Management, and the Australian Graduate School of Policing in support of the continued delivery of management programs for AFP members.

During 2001–02, significant progress was made toward the establishment of the AFP's Leadership Development Framework. This framework will start from 1 July 2002 with the introduction of the Senior Leadership Program that will provide leadership training to current team leaders and coordinators. Other programs under the framework include a leadership program for all team members and an executive leadership program for all AFP senior managers.

Progress made in other key human resource development strategies included:

- continued development of an e-crime learning environment to accommodate the Cybercrime Act;
- development of an interactive website following the introduction of the Commonwealth Criminal Code;
- continued development of the financial investigations program to introduce training strategies for the new Commonwealth Proceeds of Crime legislation;
- conducting a review of Close Personal Protection training needs for the AFP; and
- roll-out of the Advanced Diploma Public Safety (Police Investigations) program.

5.4 Industrial Democracy

The conditions of service for the majority of AFP employees are set out in the Certified Agreement 1999-2002 that was certified by the Australian Industrial Relations Commission (AIRC) on 12 November 1999. The agreement was developed in accordance with the Government's Workplace

Relations Arrangements for Commonwealth Authorities and has as its respondents the Commissioner and management of the AFP, its employees and the employees' representative organisation, the Australian Federal Police Association (AFPA).

The implementation of the Certified Agreement is overseen by a Board of Reference, which includes representatives of the AIRC, the AFP, and the AFPA. The Board of Reference met seven times during the financial year and dealt with issues relating to the appropriate remuneration levels of AFP individual employees who claimed to be under-remunerated, the introduction of the grade advancement strategy for constables and federal agents, and the application of the Certified Agreement to members deployed to external territories. The Board also issued clarifications associated with the implementation of the Certified Agreement to some Protective Security Teams and the payment of overtime to community operations members.

The terms and conditions of the Certified Agreement do not apply to Senior Executive staff and those employees posted overseas or to external territories (as specified by sub-clause 8.4 of the Certified Agreement 1999–2002). These employees have terms and conditions of service specified through individual agreements and Commissioner of Police Determinations. There were 144 members serving overseas or in the external territories and 42 senior executive staff who were not covered by the Certified Agreement as at 30 June 2002. The Commissioner and Deputy Commissioner are statutory office holders and therefore not covered by the Certified Agreement.

As at 30 June 2002, there were 2862 non-senior executive staff covered by the certified agreement and one non-senior executive staff member was covered by an Australian Workplace Agreement (AWA). A table showing the salary ranges for AFP employees under the Certified Agreement is provided at Appendix 4. The AFP provides salary-packaging facilities to employees.

The effective implementation of the 1999–2002 Certified Agreement provided a good foundation for the continuing development and reform of work practices and organisational responsiveness in future agreements and individual arrangements.

The present Certified Agreement has a notional expiry date of 11 November 2002. To ensure an orderly transition to the next Certified Agreement, consultation with employees and the AFPA was well advanced at the time of reporting and will enable extensive consultation to occur within the workplace. Other consultative and information dissemination processes include the establishment of a Certified Agreement page on the AFP intraweb and the establishment of representative working groups.

5.5 Occupational Health and Safety

The AFP is bound by the provisions of the *Occupational Health and Safety (Commonwealth Employment) Act 1991* (OH&S Act) and *Safety, Rehabilitation and Compensation Act 1988* (SRC Act).

During 2001–02, the AFP notified Comcare Australia of 81 incidents under section 68 of the OH&S Act (accidents and dangerous occurrences).

There were no provisional notices issued by health and safety representatives and the AFP was not subjected to any notices issued by Comcare Australia during 2001–02.

Comcare conducted a reactive investigation into the disposal of ammunition and other explosives held by the AFP. The final report recommended that the AFP develop and implement procedures for the identification, storage and disposal of ammunition and explosives and ensure that AFP members are trained for this task. These matters are currently receiving attention.

Following finalisation of the OH&S Agreement between the AFP and the AFPA all health and safety representatives and deputy positions were declared vacant. Under the agreement, the AFPA called for nominations in line with the new Designated Work Group structure. A number of positions were filled and the AFPA is continuing to ensure that vacant OH&S representative positions are filled.

Significant effort was applied to the implementation of the AFP National Guideline: OH&S Risk Management System during 2001–02. Developmental work proceeded on national guidelines in relation to workplace incident investigation and emergency management.

Two existing national guidelines, and one practical guide, were reviewed during 2001–02 to align them to new structures and operational requirements. Several Safety Bulletins were developed and disseminated to address identified needs. A National Guideline: *First Aid in the Workplace* is nearing finalisation.

Significant resources were devoted to skill all operational members to the level of senior first aid qualification.

A significant advancement during 2001–02 was the establishment and administration of an Operational Safety Committee by Learning and Development, with representatives from senior AFP management and key stakeholders. The Operational Safety Committee focuses on providing high-level advice and strategic direction for the AFP's operational safety environment. Achievements include:

- the upgrade of the AFP's use of force reporting mechanisms;
- addressing a number of critical OH&S issues for the organisation such as: the upgrade of all AFP firearm unloading/loading facilities; provision of more alternative operational safety equipment for the workplace; further equipment purchases to accommodate members who need alternative storage and unloading facilities; and monitoring of workplace operational safety incidents with a view to address current and emerging trends through policy, administration and training initiatives;
- finalisation of amendments for Commissioner's Order 3 (Use of Force) that more accurately reflect operational safety training and workplace practices and needs, and the upgrade of use-of-force reporting mechanisms; and
- improved accessibility and more open dialogue for all AFP members to have operational safety issues addressed.

5.6 Staff welfare

Chaplaincy

The AFP Chaplaincy is an ecumenical multi-faith support service. It is currently staffed by the National Chaplain and one local chaplain who offers additional support to ACT Policing. The chaplaincy offers support to all AFP members and their families. This includes the care of all members who are posted outside Australia. A particular focus remains the support of ACT Policing

personnel. The chaplaincy also offers support to employees who have recently left the AFP.

The National Chaplain's office is located in the AFP College at Barton in the ACT in order to provide additional support to new recruits and their families during the current recruitment drive.

During 2001–02 work began to place part-time chaplains in each major AFP business unit. Another part-time chaplain will be employed to assist in the ACT. These appointments will be in place before the end of 2002 calendar year and will continue to work with colleagues in the State police chaplaincies.

The chaplaincy works closely with the AFP medical, welfare and psychological services.

Employee Assistance and Psychological Services (EA&PS)

The AFP provides a range of employee assistance and psychological services through its national psychological client service, a welfare officer program outsourced to an appropriate company and in-house psychological services attached to operational areas.

The national employee assistance service is used by approximately eight per cent of employees. Issues referred included workplace stress and critical incident exposure, vocational concerns, organisational change, interpersonal difficulties, health concerns, family issues and work performance concerns. The Employee Assistance Program provides a management advisory service and conflict intervention as part of its approach to increasing wellness in the organisation.

The welfare program was consolidated over the past year in each major AFP business unit. The welfare officers, although part of an outsourced contractual program, work on-site to assist employees in the management of a range of professional and personal issues including: career issues; support for families while the members are overseas; relationship problems; conflict in the workplace; internal investigations support; health concerns; financial concerns; addictions; and deployment issues. The welfare officer program aims to provide prevention and early intervention services to enhance the overall health of the organisation and assist regional management in the support of staff.

During 2001–02, training in behavioural sciences was provided to courses including Recruit Training, Management of Serious Crime, the confidant network and surveillance. EA&PS has also developed its expertise in the area of investigative psychology through a team member successfully completing an internationally recognised Masters program in the field.

Preparation and support were also provided for members, and their families, selected as overseas liaison officers or for other overseas missions including East Timor, Solomon Islands and Cyprus. This was complemented with the first of the post inspections accompanying a management team to Beijing, Hong Kong, Manila, Phnom Penh, Buenos Aires, Bogotá, Washington and Los Angeles.

Medical Services

AFP medical services comprise an occupational service to review medical standards of applicants and provide advice on medical preparation for deployment overseas and medical fitness for duty, and a clinical forensic service for ACT policing.

The AFP's medical services are provided by a full-time Director of Medical Services and five part-time (after hours) doctors who provide clinical forensic medicine services to ACT Policing.

Integrated medical management of sexual assault cases within the ACT, comprising both forensic and clinical medical services, was achieved in cooperation with staff at the Canberra Hospital.

Corrections to previous annual report

In the 2000–01 Annual Report, **Table 24: Outposting to other agencies/police services** on page 109 indicated that one AFP member had been outposted to a private company. It has since been established that no such outposting occurred.

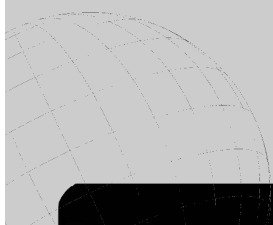
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Appendixes



APPENDIXES



Appendix 1

Performance Measures – Outcome 1

Table 1: Financial result

Budgeted revenue (\$m)	Actual revenue (\$m)	Actual expenses (\$m)	Variance (\$m) ^a
323.182	334.391	314.156	20.235

Footnotes:

(a) The variance is represented by:

increased revenue from the sale of goods and services including criminal history checks;
up to \$1.4m excess funding for East Timor ex-gratia payments; and
\$1.5m of CHOGM funding for capital purchases received by way of revenue.

Table 2: Staff years consumed in Outcome 1

Outcome 1 staffing	2001–02
Staff years consumed in Outcome 1	1 534.1 ^a

Footnote:

(a) Does not include enabling services.

Table 3: Drug seizures, federal agencies ^a

Type of drug	2000–01		2001–02	
	Number of drugs seized	Weight (g)	Number of drugs seized	Weight (g)
MDMA	203	389 516	363	212 185
Amphetamine Other	107	90 423	151	448 284
Cannabis	731	85 009	670	19 538
Cannabis Resin	354	153 105	304	2 938 363
Cocaine	118	449 744	183	1 032 247
Hallucinogens	28	3 677	31	1 561
Heroin	82	233 673	90	433 395
NPSD ^b	160	122 503	217	449 668
Other	93	123 694	112	598 140

Source: PROMIS at 1 July 2002.

Footnotes:

(a) The figures are correct to 1 July 2002 and include seizures awaiting analysis to confirm both weights and presence of the illegal substance. Recorded weights and drug types may vary from those previously reported. Seizures by federal agencies include those made by the AFP, Customs and the Joint Asian Crime Group where drugs were held in AFP custody. The figures for 2000–01 include a cocaine seizure of 316,327 grams which resulted from coinciding separate investigations by the AFP and the NCA. Otherwise, NCA seizures are **not** included.

(b) NPSD – No prohibited substance detected.

Table 4a: Deterrence of criminal activity, number of cases referred

Category/Type of case	2000–01 Number ^a	2001–02 Number ^a
Illicit Drug Investigations		
Drugs – Imported	693	604
Drugs – Exported	15	10
Drugs – Trafficked	75	30
Sub Total	783	644
Economic Crime Investigations		
Fraud	265	192
Corporate, Bankruptcy and Intellectual Property	56	34
Electronic and Telecommunications	183	113
Money Laundering and FTRA	495	517
Counterfeit Currency	95	51
Environmental	7	14
E-commerce ^b	2	-
Sub Total	1 103	921
Corruption Investigations		
Corruption	39	25
Sub Total	39	25
General Crime Investigations		
General Crime	527	572
Multiple Voting ^b	2	14
Sub Total	529	586
People Smuggling Investigations		
People Smuggling ^b	86	48
Sub Total	86	48
War Crimes Investigations		
War Crimes	2	1
Sub Total	2	1
Transnational Investigations		
Economic ^b	3	2
Sex Offences ^b	12	12
Sub Total	15	14
External Agency Support Services		
Agency Liaison and Assistance	568	631
Agency Liaison and Assistance – Search Warrants ^b	133	147
Agency Liaison and Assistance – Operational Assistance ^b	267	154
Agency Liaison and Assistance – Forensic ^b	110	111
Agency Liaison and Assistance – Outposting ^b	16	17
Sub Total	1 094	1 060
Family Law Orders		
Family Law Orders	854	775
Sub Total	854	775
Total	4 505	4 074

Source: PROMIS at 1 August 2002

Footnotes:

(a) Merged cases are excluded.

(b) New incident type from 1 July 2000.

Table 4b: Offences confirmed^a, offenders and offence value 2001–02

Offence Type ^b	Confirmed Counts	Number of Offenders ^c			Offence value ^d \$'000
		Male	Female	Total	
Offences against the person	31	28	-	28	-
Robbery and extortion	-	-	-	-	-
Burglary, fraud and other offences of theft					
Burglary	1	1	-	1	-
Fraud and misappropriation					
Fraud	1 270	353	144	497	251 797
Misappropriation	50	3	4	7	349
Counterfeiting	141	30	10	40	834
Receiving, unlawful possession	33	24	4	28	913
Other theft	11	10	1	11	229
Total burglary, fraud and other offences of theft	1 506	421	163	584	254 122
Property damage and environmental offences	9	8	-	8	-
Offences against good order					
Government security operations	3	2	1	3	-
Justice procedures	186	138	39	177	-
Other offences against good order	147	107	29	138	-
Total offences against good order	336	249	69	318	-
Other offences					
Company legislation	8	2	-	2	4 000
Banking, financial institutions and insurance	492	340	141	481	11 740
Taxation and stamp duty	42	2	-	2	-
Posts, telegraphs and telecommunications	8	4	2	6	-
Customs, excise, imports and exports	298	18	-	18	-
Immigration, passports and extradition	228	176	6	182	-
Electoral	2	1	1	2	-
Air navigation, airports and aircraft operations	71	43	17	60	1
Health	2	2	-	2	-
Bankruptcy	56	17	12	29	237
Copyright and patents	55	3	1	4	-
Other offences – not elsewhere classified	217	98	26	124	3
Total other offences	1 479	706	206	912	15 981
Total^e	3 361	1 412	438	1 850	270 103

Source: PROMIS at 1 August 2002

Footnotes:

- (a) Confirmed offences identified in this financial year may be the result of a referral from a previous year or the current financial year. A confirmed offence is an offence which has been cleared by one of the following actions: arrest, summons, warrant, voluntary attendance at court, caution, or cleared otherwise.
- (b) Offence type classification is based on the Australian Bureau of Statistics, Australian National Classification of Offences 1985 (ANCO), Catalogue No. 1234.0
- (c) Number of offenders identified for each offence type, not the number of individual persons.
- (d) Values are rounded to the nearest \$1000. A dash indicates a nil value. A zero indicates a value of less than \$500.
- (e) Drug offences are excluded.

Table 5: Value of criminal assets, identified, restrained or recovered^a

Category/Type of case	2000–01 Value \$million	2001–02 Value \$million
Identified ^b	35.6	9.5
Restrained ^c	16.3	25.2
Recovered ^d	4.0	4.3
Total	55.9	39.0

Source: PROMIS at 1 July 2002

Footnotes:

- (a) Amounts identified include some recoveries by external agencies. The apparent decrease in identified assets reflects a change in practice of categorising where assets as classified as 'identified' only when there is a realistic expectation that they will be subject of restraint and recovery action.
- (b) Assets identified during the course of an investigation may be used to recoup some of the proceeds of crime.
- (c) The court issues an order to prevent the disposal of an asset.
- (d) Assets are seized following an asset recovery order by a court in relation to a known offence.

Table 6: Value of economic crime cases referred

Output (Category/Type of case)	2000–01 Value \$'000 ^a	2001–02 Value \$'000 ^a
Economic Crime Investigations^b		
Fraud	148 954	267 541
Corporate, Bankruptcy and Intellectual Property	25 210	3 669
Electronic and Telecommunications crime	49	100
Money Laundering and FTRA	135 858	180 612
Counterfeit Currency	2 225	6 136
Environmental	–	–
E-commerce ^c	5 000	–
Total	317 296	458 058

Source: PROMIS at 1 August 2002

Footnotes:

- (a) Where reported, the dollar value is a quantifiable dollar estimate at the time of AFP evaluation. It does not signify the economic impact on Australian society. Values are rounded to the nearest \$1000.
- (b) Merged cases are excluded
- (c) New incident types from 1 July 2000.

Table 7: International law enforcement, number of cases referred

Category/Type of case	2000–01 Number ^a	2001–02 Number ^a
International Law Enforcement		
United Nations and Peacekeeping Services	2	4
Interpol Services ^b	3 132	1 889
External Agency Support	818	572
Total	3 952	2 465

Source: PROMIS at 1 August 2002

Footnotes:

- (a) Merged cases are excluded.
- (b) The decrease in Interpol Services is due to changes in recording procedures for Interpol Notices in the 2001–02 period.

Table 8: Protection Services, number of cases referred

Category/Type of case	2000–01 Number ^a	2001–02 Number ^a
Protection of Individuals at Risk		
Protection–Australian Office Holder ^b	94	143
Protection–Non Australian Office Holder ^b	98	214
Protection–Witness	8	7
Sub Total	200	364
Protection–Family Law Service		
Family Law Services	7	3
Sub Total	7	3
Security and Law Enforcements for Special Events		
Special events–CHOGM ^b	–	2
Special events–Centenary of Federation ^b	–	–
Special events–Olympics ^b	25	–
Sub Total	25	2
Total^c	232	369

Source: PROMIS at 1 August 2002

Footnotes:

(a) Merged cases are excluded.

(b) New incident type from 1 July 2000.

(c) The increase in Protection and Security cases is due to changes in recording procedures in the 2001–02 period.

Appendix 2

Performance Measures–Outcome 2

Table 9: Financial result

Budgeted revenue (\$m)	Actual revenue (\$m)	Actual expenses (\$m)	Variance (\$m) ^a
77.546	74.193	73.147	1.046

Footnotes:

(a) ACT Policing was unable to proceed with normal recruitment action due to delays in the finalisation of the price for the 2001–02 Purchase Agreement and consequential slippages in recruitment and training activities. In recognition of the reduced level of service, ACT Policing revised down its revenue requirements to take into account revenue that would not be earned. The variance of \$1.046m was a result of staff shortages and does not constitute unearned revenue due to liabilities associated with accelerated recruitment and deferred training requirements arising from last financial year.

Details of performance measures are reported separately in the ACT Policing Annual Report 2001–02. The ACT Policing Annual Report is available on the AFP website at www.afp.gov.au

Appendix 3

Other Accountability Measures

Complaints and allegations

The figures provided below relate to the number of cases registered, according to complaint and allegation investigation outcomes. The total number of cases will vary from the total number of actual complaint or allegation issues.

The term ‘complaint’ describes a complaint made by a member of the public about the actions of AFP employees in the exercise of powers or in the performance of functions given to them as AFP employees. Additionally, allegations reported directly to the Commonwealth Ombudsman by AFP employees concerning the actions of other AFP employees may also be classified as complaints.

An ‘allegation’ means a report made by a person concerning the breach of professional standards, at any time, by an AFP employee or special member, not being a matter to which the Complaints (Australian Federal Police) Act applies.

Table 10: Complaints received in 2001–02 (by source)

Referral Source	Referrals	Percentage
AFP Internal	15	2.37%
Government Department	2	0.32%
Media	1	0.16%
Ministerial	1	0.16%
Ombudsman	175	27.69%
Other	1	0.16%
Reported by the public	433	68.51%
State Police	4	0.63%
Total	632	100.00%

Footnote:

The method of registering complaints and allegations made against AFP employees changed during the reporting period and consequently there may be some discrepancy in the actual totals generated. Figures relate to the total number of complaints received by the AFP, including those relating to ACT Policing (Outcome 2).

Table 11: Number of complaints received in 2001–02 (by status and category)

Category	Completed	Under Investigation	Total
Advice	10	14	24
Arrest	27	30	57
Assault	26	30	56
Bring discredit to the reputation of the AFP	1	-	1
Communicate/obtain information without authority	1	-	1
Conduct	40	10	50
Criminal Offence	2	7	9
Entry and search	13	19	32
Fail to comply with Commissioner's Orders	2		2
Fraud Against the Commonwealth	1	1	2
Harassment	33	38	71
Incivility	78	64	142
Involvement in any criminal activity	2	-	2
Miscellaneous	5	6	11
Misuse of Authority	29	21	50
Neglect of Duty	123	77	200
Non Complaint	1	-	1
Practices and procedures	173	121	294
Property	40	21	61
Traffic	14	11	25
Use of force/person	30	45	75
Total	651	515	1 166

Table 12: Results of completed investigations (complaints) 2001–02

	A	B	C	D	E	F	Total
Advice	-	-	-	2	7	1	10
Arrest	-	4	2	4	17	-	27
Assault	-	3	4	-	14	5	26
Bring discredit to reputation of the AFP	1	-	-	-	-	-	1
Communicate/obtain information without authority	-	-	-	-	1	-	1
Conduct	-	1	8	9	18	3	39
Criminal offence	-	-	-	-	2	-	2
Entry and search	-	1	-	-	5	7	13
Fail to comply with Commissioner's Orders	-	1	-	1	-	-	0
Fraud Against the Commonwealth	-	-	-	-	1	-	1
Harassment	-	-	7	7	18	-	32
Incivility	-	2	2	43	24	6	77
Involvement in any criminal activity	-	-	-	-	1	1	0
Miscellaneous	-	-	-	2	3	-	5
Misuse of authority	2	2	10	4	11	-	29
Neglect of duty	-	4	-	51	63	4	122
Non-compliant	-	-	-	-	1	-	1
Practices and Procedures	1	19	-	54	97	-	171
Property	-	-	9	6	25	-	40
Traffic	-	-	-	13	1	-	14
Use of force/person	-	7	2	9	9	4	31
Total	4	44	44	205	318	31	642

Key:

- | | |
|-------------------------------------|--|
| A Substantiated | D Conciliated |
| B Unsubstantiated | E Ombudsman exercised discretion not to investigate/further investigate |
| C Incapable of determination | F Withdrawn |

Table 13: Number of allegations received in 2001–02 (by status and category)

Category	Completed	Outstanding	Total
Absent from duty without permission	-	1	1
Advice	2	1	3
Assault	-	1	1
Bring discredit to the reputation of the AFP	3	4	7
Communicate/Obtain access to information without authority	9	3	12
Conduct	5	21	26
Criminal offence	2	10	12
Commonwealth – Refusal to answer Questions – section 52(1)(B)	1	-	1
Discourtesy to the public	1	-	1
Disgraceful or improper conduct	14	2	16
Disobey lawful instruction or order	2	-	2
Fail to account for property, not received in course of duty	1	-	1
Failure to comply with Commissioner's Orders	2	-	2
Failure to comply with laws that apply to appointees	1	-	1
Fraud – bribery/corruption/blackmail/secret commissions/extortion	-	1	1
Fraud – obtain by deceit benefits/documents not entitled	-	1	1
Fraud – theft/unlawful removal of Commonwealth property	-	2	2
Fraud against the Commonwealth	2	7	9
Harassment	2	3	5
Improper/unauthorised use of Commonwealth property	1	-	1
Improper/unauthorised use of firearm	1	-	1
Incivility	2	1	3
Make a written/oral statement that is false or misleading	1	-	1
Make a false/misleading entry in official book/document	3	-	3
Miscellaneous	4	-	4
Misuse of authority	4	11	15
Neglect of duty	4	4	8
Negligent or careless in the discharge of duties	-	1	1
Obtain a personal advantage	1	-	1
Practices and procedures	1	8	9
Property	-	5	5
Seek influence for promotion/transfer for any benefit	1	1	2
Traffic	-	1	1
Use of force/person	-	1	1
Wilfully/negligently, waste/cause loss/damage to property	1	-	1
TOTAL	71	90	161

Table 14: Results of completed investigations (allegations) 2001–02

Category	A	B	C	D	E	F	Total
Advice	-	-	2	-	-	-	2
Bring discredit to the reputation of the AFP	1	1	-	1	-	-	3
Communicate/Obtain access to information without authority	1	3	-	-	5	-	9
Conduct	4	-	-	-	-	1	5
Criminal offence	1	1	-	-	-	-	2
Commonwealth – Refusal to answer questions – section 52(1)(B)	1	-	-	-	-	-	1
Disgraceful or improper conduct	8	3	-	2	1	-	14
Disobey lawful instruction or order	2	-	-	-	-	-	2
Fail to account for property, not received in course of duty	-	-	-	-	1	-	1
Fail to comply with Commissioner's Orders	-	1	-	-	1	-	2
Fail to comply with laws that apply to appointees	-	1	-	-	-	-	1
Fraud against Commonwealth	1	1	-	-	-	-	2
Harassment	-	-	-	-	2	-	2
Improper/Unauthorised use of Commonwealth property	-	1	-	-	-	-	1
Improper/unauthorised use of firearm	-	-	-	-	1	-	1
Incivility	-	-	-	2	1	-	3
Make a written/oral statement that is false or misleading	1	1	1	-	1	-	4
Miscellaneous	-	-	-	2	2	-	4
Misuse of authority	1	1	-	1	1	-	4
Neglect of duty	3	1	-	-	-	-	4
Obtain a personal advantage	-	-	1	-	-	-	1
Practices and procedures	-	-	-	-	-	1	1
Seek influence for promotion/transfer or any benefit	1	-	-	-	-	-	1
Wilfully/negligently, waste/cause loss/damage property	1	-	-	-	-	-	1
Total	26	15	4	8	16	2	71

Key

- | | |
|-------------------------------------|--|
| A Substantiated | D Conciliated |
| B Unsubstantiated | E Discretion exercised not to investigate/further investigate |
| C Incapable of determination | |

Note: The total number of investigations completed includes investigations commenced in previous reporting periods.

Prohibited Drug Testing Programs 2001–02

The AFP runs various prohibited drug testing programs as part of its Drug Free Workforce Program and these include: mandatory applicant testing, Mandatory Targeted Testing, Mandatory Investigation Testing, and Mandatory Certain Incident Testing.

The programs to test employees for the use of prohibited drugs continued to receive full cooperation from employees and the AFPA. During this financial year each program focused on detecting the presence of prohibited drugs, specifically narcotic substances (within the meaning of the Customs Act; schedule IV).

The following table provides a comparison of the drug program statistics for 2000–01 and 2001–02. During the 2001–02 reporting period, one applicant for an unsworn position, one employee, and one contractor tested positive for drug use. All other tests returned negative results.

Table 15: Illicit drug testing

Category	2000–01	2001–02
Mandatory Applicant Testing		
Employees (unsworn)	211	318
Recruits (sworn)	83	231
Mandatory Targeted Testing	8	83
Voluntary Targeted Testing	74	-
Mandatory Investigation Testing	-	7
Mandatory Certain Incident Testing	1	5
Contractor Tests	81	32

Footnotes:

The Australian Federal Police policy and guidelines provide for rehabilitation of an employee where cannabis use is identified. The rehabilitation potential of an employee testing positive for cannabis use is assessed on a case by case basis. Those employees who come to notice during the conduct of the Mandatory Targeted Testing program have their suitability for continued employment reviewed.

Note: figures for FY 2001–02 extracted 11 July 2002.

Table 16: Number of security clearances completed by category

Category	2000–01	2001–02
Position of Trust	232	680
Protected	155	111
Highly Protected	357	579
Confidential	1	nil
Secret	91	61
Top Secret	146	158
Total	982	1 589

Table 17: AFP Internal audit activity

SAT Meeting	Performance Audits	Regularity Audits	Other Significant Completed Projects
4 Jul 2001	Australian Institute of Police Management Governance		Responded to ANAO Survey for the purposes of their Financial Statements Interim Audit
10 Aug 2001			Special SAT meeting to receive draft annual financial statements
10 Oct 2001	ACT Community Policing Governance (3) Performance Information PROMIS Resource Management Assumed Identities	International Phase 1 – Financial Control. 2000-2001 Advance Account Financial Statements.	CHOGM 2001 Preparedness Self-Assessment Questionnaire. Follow up of Third Self Assessment re Compliance with Exhibits / Drugs Guidelines Follow up recommendations from 2000-2001 audits of Drug and Property Registries Finalise new auditee survey to obtain feedback on completed audits. Archival of audit working papers Relocation to new office accommodation
30 Jan 2002	Payroll PROMIS Property Module: First Project Update		UN Commitments Preliminary Survey International Phase 2 – Operations Monitoring Preliminary Survey. Assist with Guidelines for a third element to use the Advance Account process
5 Mar 2002	IT Security (1) including Threat and Risk Assessments (4)		
1 May 2002	Covert Technical Surveillance	Darwin and Cairns Offices – drug and exhibit practices, financial management practices, small office risk assessment	Fourth Self Assessment re Compliance with Exhibits / Drugs Guidelines Input to final draft of new Fraud Control and Anti-Corruption Plan Secretariat and other assistance to PROMIS Property Module Steering Committee Take up observer status with Commercial Governance Committee Provision of ongoing SAT Secretariat function, and ad hoc advice to various clients
2001-2002	13	3	16

Action Taken Against Employees

Employment Standards (ES) conducts employment suitability assessments that accurately characterise the reported conduct against the career history of the individual. There is also a need to carefully balance precedent with emerging community values and corporate objectives. ES manages cases referred by the Chief Operating Officer, Professional Standards Review Team and the Professional Standards Operations Monitoring Centre (PRSOMC) in relation to performance issues, continued employment suitability and development of strategies designed to address both individual and generic shortcomings in the workplace.

These processes are performed within the boundaries of natural justice and rely heavily on its tenets of procedural fairness and reasonableness in the decision making process. These basic rights are afforded to both the employer and the employee, as clearly outlined in the *Workplace Relations Act 1966*.

The AFP Act draws a clear distinction between the Commissioner's employment powers and the Commissioner's command powers. The Act also establishes that the Workplace Relations Act applies only to employment decisions and does not apply to the Commissioner's command powers or the discipline of the AFP.

Certain terminations under section 28 (employment power) of the AFP Act are appealable to the Industrial Relations Commission (IRC) on the grounds of unfair dismissal via the Workplace Relations Act. There are certain exclusions to this rule precluding the employee affected from appealing to the IRC as allowed within the Workplace Relations Act, although the employee still has the right to appeal a decision to the Federal Court.

If an employee engages in serious misconduct, the Commissioner may issue a declaration of serious misconduct under section 40K (command power) of the AFP Act in conjunction with section 28 of the said Act. The issuing of a section 40K certificate of serious misconduct may also preclude an employee's right of appeal for unfair dismissal to the IRC.

Table 18: Action taken against employees

Action	2000–01	2001–02
Employment suitability review	22	21
Consideration of Suspension	0	2
Section 40K Serious Misconduct Declaration	NA	1
Section 28 terminations	5	6
Discipline prosecutions	0	0
Other (Comcare, Human Rights complaint etc)	4	11
Total	31	41

Freedom of Information

Subsection 8 (1) of the *Freedom of Information Act 1982* requires that the following information be included in annual reports.

The corporate overview of this report (Chapter 1) provides information relating to the organisation and functions of the AFP.

The decision-making powers that directly affect the public are vested in the office of constable, an office held by all sworn members of the AFP, regardless of their administrative rank. The powers and duties of AFP members are prescribed in section 9 of the AFP Act and include:

- the protection of life and property;
- the preservation of peace and good order;
- the prevention and detection of offences against the common and statute law; and
- matters that may be incidental to the performance of law enforcement generally.

Any non-Commonwealth organisation or person interested in participating in the formulation of policy or the administration of a scheme by the AFP should write to the Minister for Justice and Customs or the Commissioner of the AFP.

The AFP releases documents pursuant to the FOI Act, the *Criminal Injuries Compensation Act 1983 (ACT)* and AFP regulations, while many documents are made available to the public via the AFP's Internet home page.

Details on the requests for information received by the AFP during the financial year are provided in the following table.

Table 19: Information Requests

Category	2000–01	2001–02
Freedom of Information	139	127
Requests for documents - offences against the person	278	314
Requests for documents - accidents	2 604	2 903
Request for documents - offences against property	769	750
Subpoena or Summons	328	390

Freedom of Information Procedures and Contact Points

Requests for access to documents under the FOI Act and requests for internal reviews of decisions made under the FOI Act, should be addressed to:

The Commissioner
Australian Federal Police
GPO Box 401
Canberra ACT 2601

Requests for access to documents held by the AFP should include the following details: the applicant's full name, date of birth and address; and a detailed description of the documents requested. Requests can be delivered to any AFP office or forwarded directly to the AFP Commissioner.

An application fee of \$30.00 applies to all requests made under the FOI Act, and there are further charges for processing applications. An application fee of \$40.00 applies to all applications for internal review of decisions made under the Act. Fees and charges may be reduced or remitted for any reason including that payment would result in financial hardship to the applicant, or that the provision of access to the documents is in the public interest.

The leader of the AFP's FOI Team is authorised pursuant to section 23 of the FOI Act to make decisions concerning fees and charges, as well as the release or exemption of documents under the FOI Act.

Should an applicant apply to view original documents held by the AFP, facilities will be made available, where possible, at the closest regional AFP office to the applicant's residential address. Alternatively, people living interstate can contact the AFP offices located in the capital cities. Addresses and telephone numbers are listed on page ii.

Further information regarding any FOI matter can be obtained by phoning the FOI Team on (02) 6275 7530.

There are different fees payable to access documents not covered by the FOI Act. For information about obtaining a copy of a motor vehicle accident or an incident report relating to a property offence, telephone (02) 6287 0640. For information about obtaining an incident report relating to an offence against the person, telephone (02) 6245 7492. Payment may be made to the Receiver of Public Monies.

Categories of Documents

The AFP maintains the categories of documents listed below in a variety of formats. Some of these documents, along with information on the AFP's organisation, structure and activities, can be found on the Internet at www.afp.gov.au. The documents include:

- accounting and budgetary records, including estimates, claims, payment records etc, held on files, in folders, on cards and in computer readable form;
- annual plans for internal audit activity; briefing papers and submissions prepared for the Attorney-General and the Minister for Justice and Customs;
- control registers concerning purchasing, official telephones, stores, assets, travel and internal services;

- copies of computer hardware and software purchase and maintenance contracts;
- correspondence on questions asked in parliament, together with related replies;
- correspondence received, including Ministerial correspondence;
- court documents and associated statements;
- crime statistics and criminal investigation reports and associated documents;
- forensic analysis reports (fingerprints, document examination and scientific) and associated documents;
- general correspondence and files;
- internal control records, including working statistics and monthly reports;
- lost property reports and associated documents;
- Ministerial Directions in accordance with the AFP Act;
- operational records covering infringement notices, statistics and associated reports;
- organisation and staffing records, both manual and computerised, including organisation proposals, organisation charts, duty statements, lists of staff and establishment, position occupancy records;
- personal records for all officers for whom standard personnel services are provided;
- policy documents, including recommendations and decisions;
- press statements and media releases;
- procedures, instructions and guidelines;
- register of relevant Cabinet decisions and submissions;
- reports and associated working papers resulting from internal audit reviews;
- reports to the coroner (death and fire);
- staff recruitment campaign records; and
- subject indexes, nominal indexes and inward correspondence registers relating to departmental files.

Documents Available Free of Charge upon Request

A range of publications are available to members of the public free of charge. These include: the *AFP Annual Report*, *ACT Policing Annual Report* and *AFP Corporate Directions 2001–04*.

Services and Documents Available for a Fee

A list of services and documents available for a fee is available from the FOI Team, in the *Annual Report of Policing in the Australian Capital Territory*, or on the AFP home page at www.afp.gov.au

Appendix 4

Human Resources

Table 20: Senior executive 2001–02

Executive Area	Business Area	Personnel Area		Grand Total
		AFP Sworn	AFP Unsworn	
ACT	ACT	3	1	4
ACT Total		3	1	4
Enabling	Commissioner's Office	3	-	3
	Forensic	-	1	1
	Information Technology	-	1	1
	Policy & Commercial	-	5	5
	People and Finance Management	4	4	8
	Professional Standards	1	-	1
Enabling Total		8	11	19
Operational	Commissioner's Office	1	0	1
	Eastern	2	1	3
	International & Federal Operations	7	1	8
	Northern	4	-	4
	Protection	1	-	1
	Southern	3	-	3
	Western	1	-	1
Operational Total		19	2	21
Grand Total		30	14	44

Source: EIS Pay 26.

Footnotes:

In accordance with the AFP Act, SES are now called Senior Executive. The Commissioner and Deputy Commissioner are statutory office holders and are included in above table.

Table 21: Geographical distribution 2001–02

Location	Sworn		Sworn Total	Unsworn		Unsworn Total	Grand Total
	Female	Male		Female	Male		
Australian Capital Territory ^a	226	748	974	393	314	707	1 681
New South Wales	105	262	367	58	58	116	483
Northern Territory	2	8	10	1	1	2	12
Queensland	34	127	161	37	23	60	221
South Australia	9	34	43	8	5	13	56
Tasmania	1	3	4	-	1	1	5
Victoria	60	182	242	40	29	69	311
Western Australia	22	84	106	22	10	32	138
Overseas	21	115	136	4	4	8	144
Grand Total	480	1 563	2 043	563	445	1 008	3 051

Source: EIS Pay 26 2001–02 Counting Rules Apply.

Footnote: Includes 4 staff at Jervis Bay.

Table 22: AFP Ongoing and non-ongoing and casual staff at 30 June 2002

Employee Group	2001–02	2000–01	Difference	Change
Ongoing Full Time	2 812	2 649	163	6.15%
Ongoing Part Time	111	101	10	9.90%
Non-ongoing Full Time	93	71	22	30.99%
Non-ongoing Part Time	16	7	9	128.57%
Casual	15	17	-2	-11.76%
Seconded Paid	4	6	-2	-33.33%
Grand Total	3 051	2 851	200	7.02%

Source: EIS Pay 26 2001–02. Counting Rules apply.

Footnote:

The staff count of 3 051 represents a full-time equivalent of 2 989.40.

Table 23: Workforce composition 2001–02

Salary Group	AFP Staff Numbers						Grand Total
	Sworn		Sworn Total	Unsworn		Unsworn Total	
	Female	Male		Female	Male		
1	-	-	-	-	4	4	4
4	-	-	-	1	1	2	2
5	-	-	-	54	18	72	72
6	34	71	105	56	61	117	222
7	49	91	140	77	35	112	252
8	6	9	15	86	33	119	134
9	112	204	316	107	41	148	464
10	134	486	620	47	28	75	695
11	26	90	116	31	23	54	170
12	46	237	283	37	62	99	382
13	38	185	223	29	28	57	280
14	12	50	62	10	36	46	108
15	9	37	46	10	17	27	73
16	9	46	55	9	33	42	97
17	-	16	16	2	4	6	22
18	-	4	4	1	3	4	8
Senior Executive	2	26	28	1	13	14	42
Statutory Office Holders	-	2	2	-	-	-	2
Casuals	3	9	12	2	2	4	16
National Indigenous Cadetship Program	-	-	-	3	3	6	6
Grand Total	480	1 563	2 043	563	445	1 008	3 051

Source: EIS Pay 26. Counting Rules apply.

Table 24: Outposting to other agencies/police services, secondments, Territories Policing and Peacekeeping

Outpostings ^a	casual	Actual Grades																					
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22 Total
Australian Customs	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	2.0
Australian Securities & Investments Commission	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	2.0
Australian Taxation Office	-	-	-	-	-	-	-	-	-	-	-	4.5	-	-	-	-	-	-	-	-	-	-	4.5
Australia Post	-	-	-	-	-	-	-	-	-	-	-	0.5	-	-	-	-	-	-	-	-	-	-	0.5
Austrac	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1	-	-	-	-	-	-	-	2.0
Civil Aviation Safety Authority	-	-	-	-	-	-	-	-	-	-	-	0.5	-	-	-	-	-	-	-	-	-	-	0.5
Centrelink	-	-	-	-	-	-	-	-	-	-	-	2.5	-	-	-	-	-	-	-	-	-	-	2.5
Dept. Foreign Affairs & Trade	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	1.0
Dept. Immigration Multicultural & Indigenous Affairs	-	-	-	-	-	-	-	-	-	-	-	2.5	-	-	-	-	-	-	-	-	-	-	2.5
Insolvency & Trustee Service Aust.	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	2.0
Ombudsman's Office – Canberra ^c	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1.0
Secondments																							
Royal Commission into the Building & Construction Industry ^c (Melb)	-	-	-	-	-	-	-	-	-	-	3	-	2	-	-	-	-	1	-	-	1	-	7.0
National Crime Authority^a																							
Adelaide	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	2.0
Brisbane	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	1	-	-	-	-	-	-	3.0
Melbourne	-	-	-	-	-	-	-	-	-	-	3	4	1	1	1	-	-	1	-	-	-	-	11.0
Perth	-	-	-	-	-	-	-	-	-	-	4	-	-	-	-	-	-	-	-	-	-	-	4.0
Sydney	-	-	-	-	-	-	-	-	-	1	8	10	4	-	-	-	-	-	1	-	-	-	24.0
External Territories^b																							
Christmas Island	9	-	-	-	1	-	-	-	-	1	4	-	-	-	1	-	-	-	-	-	-	-	16.0
Cocos Island	-	-	-	-	-	2	-	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	4.0
Norfolk Island	6	-	-	-	-	-	-	-	-	3	-	3	-	2	-	-	-	-	-	-	-	-	11.0
Jervis Bay	-	-	-	-	-	-	-	-	-	-	3	-	-	1	-	-	-	-	-	-	-	-	4.0
Peacekeeping^b																							
East Timor	-	-	-	-	-	-	-	-	-	-	-	-	38	-	11	1	2	-	1	-	-	-	53.0
Solomon Islands	-	-	-	-	-	-	-	-	-	-	-	-	5	-	1	1	-	-	-	-	-	-	7.0
UNCIVPOL - Cyprus	-	-	-	-	-	-	-	-	-	-	9	-	2	1	-	-	3	1	-	-	-	-	16.0
Total	15	0	0	0	1	0	2	0	0	2	42	16	70.5	5	14	4	5	3	2	0	1	0	182.5

Sources:

a. External Agencies and Police Services. This information was supplied by Client Services unless stated otherwise stated.

b. Information was extracted from EIS Pay 26, 2001–02.

c. Ombudsman's Office and Royal Commission into the Building and Construction Industry.

Table 25: Salary ranges available to AFP employees

Staff Grade	Minimum	Maximum
Grade 1	\$19,014	\$24,129
Grade 4	\$27,763	\$29,790
Grade 5	\$29,790	\$32,063
Grade 6	\$32,063	\$34,610
Grade 7	\$34,610	\$37,425
Grade 8	\$37,425	\$40,049
Grade 9	\$40,049	\$43,705
Grade 10	\$43,705	\$47,504
Grade 11	\$47,504	\$51,462
Grade 12	\$51,462	\$56,780
Grade 13	\$56,780	\$60,813
Grade 14	\$60,813	\$66,193
Grade 15	\$66,193	\$72,132
Grade 16	\$72,132	\$78,630
Grade 17	\$78,630	\$85,758
Grade 18	\$85,758	\$93,723
Senior Executive	\$88,000	\$150,000

Table 26: Performance bonus payments 2001–02

Grade	Bonus payment amount		Total recipients	Total payments made
	Excellent	Highly Effective		
5	\$1 134	\$834	8	\$5 776
6	\$1 440	\$900	1	\$1 440
7	\$1 557	\$973	3	\$3 503
8	\$1 681	\$1 051	2	\$2 102
9	\$1 818	\$1 136	43	\$51 164
10	\$1 976	\$1 235	4	\$5 681
11	\$2 141	\$1 338	8	\$9 542
12	\$2 362	\$1 476	87	\$134 680
13	\$2 530	\$1 581	6	\$9 486
14	\$2 754	\$1 721	10	\$18 243
15	\$3 001	\$1 875	5	\$11 627
16	\$3 271	\$2 044	26	\$62 960
All grades total			203	\$316 204

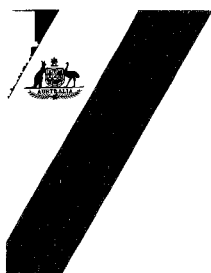
Footnote:

The bonus is open to those at the top of grade who have not accessed any form of advancement in the calendar year. The eligible population for the 2001 bonus was somewhat limited by the operation of other CA remuneration initiatives. Bonuses are delivered on a pro-rata basis for those employees who are engaged under part-time arrangements.

Table 27: Years of service

Personnel	Business Area	Years of Service							Grand Total
		0	01-05	06-10	11-15	16-20	21-25	26+	
Sworn	National	33	310	90	307	207	162	87	1 196
	ACT	78	233	27	90	74	72	56	630
	Enabling	2	23	11	57	65	36	23	217
Sworn Total		113	566	128	454	346	270	166	2 043
Unsworn	National	103	150	59	69	22	16	7	426
	ACT	39	68	6	14	7	-	-	134
	Enabling	125	161	49	62	39	7	5	448
Unsworn Total		267	379	114	145	68	23	12	1 008
Grand Total		380	945	242	599	414	293	178	3 051

Source: EIS Pay 26 2001–02. Counting Rules Apply.



INDEPENDENT AUDIT REPORT

To the Minister for Justice and Customs

Scope

I have audited the financial statements of the Australian Federal Police for the year ended 30 June 2002. The financial statements comprise:

- Statement by the Commissioner of Police;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Contingencies and Commitments; and
- Notes to and forming part of the Financial Statements.

The Commissioner of the Australian Federal Police is responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Australian Federal Police's financial position, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion the financial statements:

- (i) have been prepared in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of the Australian Federal Police as at 30 June 2002, and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Allan M. Thompson
Executive Director

Delegate of the Auditor-General

Canberra
3 September 2002



AUSTRALIAN FEDERAL POLICE

Financial Statements

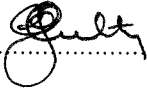
For the Year Ended

30 June 2002

AUSTRALIAN FEDERAL POLICE

Statement by the Commissioner of Police

In my opinion, the attached financial statements for the year ended 30 June 2002 give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.

Signed 

M. J. Keelty
Commissioner

Dated 28 August 2002

AUSTRALIAN FEDERAL POLICE
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2002

	Notes	2001-02 \$'000	2000-01 \$'000
Revenues from ordinary activities			
Revenues from Government	3A	303,790	289,262
Sales of goods and services	3B	102,211	91,196
Interest	3C	2,563	4,561
Net gains from sales of assets	3D	20	12
Total revenues from ordinary activities		408,584	385,031
Expenses from ordinary activities (excluding borrowing cost expense)			
Employees	4A	231,685	223,520
Suppliers	4B	135,891	130,469
Depreciation and amortisation	4C	14,401	9,740
Write-down and write off of assets	4D	5,326	6,874
Total expenses from ordinary activities (excluding borrowing cost expense)		387,303	370,603
Borrowing costs expense	5	-	472
Net operating surplus (deficit) from ordinary activities		21,281	13,956
Net surplus (deficit)		21,281	13,956
Net surplus (deficit) attributable to the Commonwealth		21,281	13,956
Net credit (debit) to asset revaluation reserve		507	4,466
Total revenues, expenses and valuation adjustments attributable to the Commonwealth and recognised directly in equity		507	4,466
Total changes in equity other than those resulting from transactions with owners as owners		21,788	18,422

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERAL POLICE
STATEMENT OF FINANCIAL POSITION
for the year ended 30 June 2002

	Notes	2001-02 \$'000	2000-01 \$'000
ASSETS			
Financial Assets			
Cash	6A	5,352	7,677
Receivables	6B,C	20,231	12,629
Investments	6D	20,000	54,000
Total financial assets		45,583	74,306
Non-financial Assets			
Land and buildings	7A,C	63	65
Infrastructure, plant and equipment	7B,C	57,061	46,176
Intangibles	7D	8,255	3,718
Other	7E	63,188	8,282
Total non-financial assets		128,567	58,241
Total Assets		174,150	132,547
LIABILITIES			
Provisions			
Employees	8A	77,072	76,081
Other	8B	8,866	5,354
Total provisions		85,938	81,435
Payables			
Suppliers	9A	20,070	12,219
Other	9B	1,689	1,678
Total payables		21,759	13,897
Total Liabilities		107,697	95,332
NET ASSETS		66,453	37,215
EQUITY			
Parent entity interest			
Contributed equity		125,041	111,966
Reserves		13,791	13,284
Retained surpluses or accumulated deficits		(72,379)	(88,035)
Total parent entity interest	10	66,453	37,215
Total Equity		66,453	37,215
Current liabilities		56,678	42,354
Non-current liabilities		51,019	52,978
Current assets		108,771	82,588
Non-current assets		65,379	49,959

The above statement should be read in conjunction with the accompanying notes.

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AUSTRALIAN FEDERAL POLICE
STATEMENT OF CASH FLOW
for the year ended 30 June 2002

	Notes	2001-02 \$'000	2000-01 \$'000
OPERATING ACTIVITIES			
Cash received			
Sale of goods and services			
Government		23,310	16,358
Non-government		80,644	72,114
Appropriations		303,668	289,140
GST refunds		12,405	7,861
Interest		2,563	-
Total cash received		422,590	385,473
Cash used			
Employees		230,693	249,906
Suppliers		191,730	135,165
Borrowing costs		-	472
Total cash used		422,423	385,543
Net cash from (used by) operating activities	11	167	(70)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		27	12
Proceeds from maturity of term deposits		730,500	972,161
Total cash received		730,527	972,173
Cash used			
Purchase of property, plant and equipment		27,383	16,378
Purchase of term deposits		696,500	991,161
Purchase of intangibles		7,241	102
Total cash used		731,124	1,007,641
Net cash from (used by) investing activities		(597)	(35,468)
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		3,237	36,100
Total cash received		3,237	36,100
Cash used			
Repayment of debt		-	12,681
Capital use charge paid		4,970	-
Repayment of capital		162	-
Total cash used		5,132	12,681
Net cash from (used by) financing activities		(1,895)	23,419
Net increase (decrease) in cash held		(2,325)	(12,118)
Cash at beginning of the reporting period		7,677	19,795
Cash at end of the reporting period		5,352	7,677

Prior year figures have been adjusted to reflect a change in the classification of term deposits from cash to investments in 2001-02.

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERAL POLICE
SCHEDULE OF COMMITMENTS
for the year ended 30 June 2002

	2001-02 \$'000	2000-01 \$'000
BY TYPE		
CAPITAL COMMITMENTS		
Land and buildings	-	-
Infrastructure, plant and equipment	8,568	4,784
Total capital commitments	<u>8,568</u>	<u>4,784</u>
OTHER COMMITMENTS		
Operating leases ¹	118,816	130,026
Other commitments	16,251	10,258
Total other commitments	<u>135,067</u>	<u>140,284</u>
COMMITMENTS RECEIVABLE	(14,319)	(15,168)
Net Commitments	<u>129,316</u>	<u>129,900</u>
BY MATURITY		
All Net Commitments		
One year or less	52,250	40,356
From one to five years	63,493	75,492
Over five years	13,573	14,052
Net Commitments	<u>129,316</u>	<u>129,900</u>
Operating Lease Commitments		
One year or less	34,657	33,820
From one to five years	70,189	80,749
Over five years	13,970	15,457
Net Commitments	<u>118,816</u>	<u>130,026</u>

NB: Commitments are GST inclusive where relevant

1 Operating leases included are effectively non-cancellable and comprise:

<i>Nature of Lease</i>	<i>General description of leasing arrangement</i>
leases for office accommodation	. lease payments are subject to terms as detailed in the lease agreement; . the initial periods of office accommodation are still current and may be renewed at the AFP's option.
agreements for the provision of motor vehicles to executive officers	. no contingent rentals exist; . there are no renewal or purchase options available to the AFP.
leases in relation to computer and other equipment	. the lessor provides computer and other equipment to the AFP; . no contingent rentals exist; . there are no renewal or purchase options available to the AFP.

The above schedule should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERAL POLICE
SCHEDULE OF CONTINGENCIES
for the year ended 30 June 2002

	2001-02	2000-01
	\$'000	\$'000
CONTINGENT LOSSES		
Claims for damages/costs	<u>3,092</u>	<u>1,887</u>
CONTINGENT GAINS		
Claims for damages/costs	<u>-</u>	<u>-</u>
Net contingencies	<u>3,092</u>	<u>1,887</u>

Remote contingencies are disclosed in Note 12.

Schedule of unquantifiable contingencies

As at 30 June 2002, the AFP had a number of legal claims against it in relation to unlawful discrimination, negligence and operational matters. The AFP is defending the claims. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these claims.

The above schedule should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note	Description
1	Summary of Significant Accounting Policies
2	Events Occurring after Balance Date
3	Operating Revenues
4	Operating Expenses
5	Borrowing Cost Expenses
6	Financial Assets
7	Non-financial Assets
8	Provisions
9	Payables
10	Equity
11	Cash Flow Reconciliation
12	Remote Contingencies
13	Executive Remuneration
14	Remuneration of Auditors
15	Average Staffing Levels
16	Act of Grace Payments, Waivers and Defective Administration Scheme
17	Financial Instruments
18	Appropriations
19	Trust Monies
20	Reporting of Outcomes

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2002

Note 1 Summary of Significant Accounting Policies

1.1 Objectives of the Australian Federal Police

The objectives of the Australian Federal Police (AFP) are to enforce Commonwealth criminal law and protect Commonwealth and national interests from crime in Australia and overseas. In order to achieve these objectives, the Australian Federal Police is structured to meet two outcomes:

Outcome 1: The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas.

Outcome 2: Policing activity creates a safe and secure environment in the ACT.

1.2 Basis of Accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (being the *Financial Management and Accountability (Financial Statements 2001-2002) Orders*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board;
- other authoritative pronouncements of the Board; and
- Consensus Views of the Urgent Issues Group.

The statements have also been prepared having regard to the Explanatory Notes to Schedule 1, and Finance Briefs issued by the Department of Finance and Administration.

The AFP Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the AFP Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an Accounting Standard. Liabilities and assets, which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than remote contingencies, which are reported at Note 12).

Revenue and expenses are recognised in the AFP Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2002

The continued existence of the AFP in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament for the AFP's administration and programs.

1.3 Changes in Accounting Policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2000-2001, except in respect of:

- Output appropriations (refer to Note 1.4); and
- Equity injections (refer to Note 1.5).

1.4 Revenue

The revenues described in this Note are revenues relating to the core operating activities of the AFP.

(a) *Revenues from Government*

The full amount of the appropriation for departmental outputs for the year (less any savings offered up at Additional Estimates and not subsequently released) is recognised as revenue. This is a change in accounting policy caused by the introduction of a new requirement to this effect in the Finance Minister's Orders. (In 2000-01, output appropriations were recognised as revenue to the extent the appropriations had been drawn down from the Official Public Account).

The change in policy had no financial effect in 2001-02 as the full amount of the output appropriation for 2000-01 had been drawn down in that year.

(b) *Resources Received Free of Charge*

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements (refer to Note 1.5).

(c) *Other Revenue*

Revenue from the sale of goods is recognised upon delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2002

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

AFP revenue from the rendering of a service is recognised by reference to the stage of completion of contracts or other agreements to provide services to Commonwealth bodies. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

1.5 Transactions by the Government as Owner

From 1 July 2001, Appropriations designated as 'Capital – equity injections' are recognised directly in Contributed Equity according to the following rules determined by the Finance Minister:

- to the extent that the appropriation is not dependent on future events, as at 1 July; and
- to the extent that it is dependent on specified future events requiring future performance, on draw down.

(In 2000-01, all equity injections were recognised as contributed equity on draw down).

The change in policy has no financial effect in 2001-02 because the full amounts of the equity injections in both 2000-01 and 2001-02 met the criteria now required by the Finance Minister.

Net assets received under a restructuring of administrative arrangements are designated by the Finance Minister as contributions by owners and adjusted directly against equity. Net assets relinquished are designated as distributions to owners. Net assets transferred are initially recognised at the amounts at which they were recognised by the transferring agency immediately prior to the transfer.

1.6 Employee Entitlements

(a) *Leave*

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the AFP is estimated to be less than the annual entitlement for sick leave.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2002 and is recognised at the nominal amount.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2002. In determining the present value of the liability, the AFP has taken into account attrition rates and pay increases through promotion and inflation.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2002

(b) *Separation and Redundancy*

Provision is made for separation and redundancy payments in circumstances where the AFP has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined.

(c) *Superannuation*

Staff of the AFP contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Employer contributions amounting to \$16,767,126 (2000-2001 \$18,037,096) in relation to these schemes have been expended in these financial statements.

No liability for superannuation is recognised as at 30 June as the employer contributions fully extinguish the accruing liability, which is assumed by the Commonwealth.

Employer Superannuation Productivity Benefit contributions totalled \$3,899,989 (2000-2001: \$3,703,575).

(d) *AFPAS*

The Australian Federal Police Adjustment Scheme (AFPAS) is a payment scheme, which was established under the AFP Act 1990 to compensate AFP employees for loss of tenure.

Following the introduction of a new certified agreement for AFP employees and changes to the AFP Act during the 2000-01 financial year, the AFPAS scheme ceased accruing on 5 January 2000 and is being progressively paid out to AFP employees. As the liability is in the process of being paid out it is shown at its current value rather than its discounted value as shown in the years prior to the scheme ceasing.

1.7 Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a basis that is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements, if applicable, is expensed in the period in which the space becomes surplus.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2002

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

1.8 Borrowing Costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a reporting period does not exceed the costs incurred in that period.

1.9 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution.

1.10 Financial Instruments

Accounting policies for financial instruments are stated at Note 17.

1.11 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

1.12 Property (Land, Buildings and Infrastructure), Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Schedule 1 of the Financial Management and Accountability (Financial Statements 2001-2002) Orders made under section 63 of the *Financial Management and Accountability Act 1997* requires that land, buildings, infrastructure, plant and equipment are revalued

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2002

progressively in accordance with the 'deprival' method of valuation in successive 3-year cycles, so that no asset has a value greater than three years old.

The AFP has implemented the requirements of Schedule 1 as follows:

- Leasehold Improvements (Fit-out) were revalued at 30 June 2001. These assets were previously revalued as at 30 June 1998;
- Infrastructure, plant and equipment have been revalued progressively in successive 3-year cycles with the last revaluation being conducted in 2001-02.

Assets in each class acquired after the commencement of the progressive revaluation cycle are not captured by the progressive revaluation then in progress. In accordance with the deprival methodology, land is measured at its current market buying price. Property (other than land), such as plant and equipment are measured at their depreciated replacement cost. Where assets are held which would not be replaced or are surplus to requirements, measurement is at net realisable value. At 30 June 2002, AFP had no assets in this situation.

All valuations are independent.

Recoverable Amount Test

Schedule 1 requires the application of the recoverable amount test to the AFP's non-current assets in accordance with AAS 10 *Recoverable Amount of Non-Current Assets*. The carrying amounts of these non-current assets have been reviewed to determine whether they are in excess of their recoverable amounts. In assessing recoverable amounts, the relevant cash flows have been discounted to their present value.

Depreciation and Amortisation

Depreciable property, plant and equipment and intangible assets are written-off to their estimated residual values over their estimated useful lives to the AFP using, in all cases, the straight line method of depreciation. Leasehold improvements are amortised on a straight line basis over the lesser of either ten years or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following useful lives:

	<u>2001-02</u>	<u>2000-01</u>
Buildings	25 years	25 years
Plant and equipment	3 to 10 years	5 to 10 years
Leasehold improvements	max. 10 years	max. 10 years
Intangibles	3 to 5 years	5 years

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2002

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4C.

1.13 Inventories

Consumable stores and supplies are immaterial and have not been capitalised.

1.14 Intangibles

The AFP's intangibles comprise internally-developed and externally-acquired software. The asset is carried at cost.

The carrying amount of each non-current intangible asset is reviewed to determine whether it is in excess of the asset's recoverable amount. If an excess exists at the reporting date, the asset is written down to its recoverable amount immediately. In assessing recoverable amounts, the relevant cash flows, including the expected cash inflows from future appropriations by the Parliament, have been discounted to their present value.

No write-down to recoverable amount has been made in 2001-02.

Intangible assets are amortised on a straight line basis over their anticipated useful lives.

Useful lives are:

	<u>2002</u>	<u>2001</u>
• Internally developed software	5 years	5 years
• Externally acquired software	3 years	5 years

1.15 Taxation

The AFP is exempt from all forms of taxation except fringe benefits tax and the goods and services tax.

Revenues and expenses are recognised net of GST, except where the amount of GST is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

1.16 Capital Use Charge

A capital use charge 11% (2001: 12%) is imposed by the Government on the net departmental assets of the AFP. The charge is adjusted to take account of asset gifts and revaluation increments during the financial year.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2002

The charge has been applied to the AFP for the first time in 2001-02. Prior to this, because of the AFP's negative equity, a capital use charge was not applicable.

1.17 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

1.18 Insurance

The AFP has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Worker's compensation is insured through Comcare Australia.

1.19 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

1.20 Rounding

Amounts have been rounded to the nearest \$1,000 except in relation to the following:

- act of grace payments and waivers;
- remuneration of executives;
- remuneration of auditors; and
- appropriation note disclosures.

Note 2 Events Occurring after Balance Date

On 14 February 2002, the Government announced its intention to transfer the activities of the Australian Protective Service from Attorney-General's Department to the AFP and that it is to become an operating division of the AFP.

This transfer is to take effect on 1 July 2002 and has not been brought to account in the AFP's 2001-02 financial statements.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

	2001-02 \$'000	2000-01 \$'000
Note 3: Operating Revenues		
<u>Note 3A - Revenues from Government</u>		
Appropriations for outputs	303,669	289,140
Resources received free of charge	121	122
Total	<u>303,790</u>	<u>289,262</u>
 <u>Note 3B - Sales of Goods and Services</u>		
Goods	19	8
Services	102,192	91,188
Total	<u>102,211</u>	<u>91,196</u>
 Goods and services were sold as follows:		
Government	23,310	16,358
Non-Government	78,901	74,838
Total	<u>102,211</u>	<u>91,196</u>
 <u>Note 3C - Interest</u>		
Interest on deposits	<u>2,563</u>	<u>4,561</u>
 <u>Note 3D - Net Gains from Sales of Assets</u>		
Infrastructure, Plant and Equipment		
Proceeds from sale	27	12
Net book value at sale	(7)	-
Net gain	<u>20</u>	<u>12</u>

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

	2001-02	2000-01
	\$'000	\$'000
Note 4: Operating Expenses		
<u>Note 4A - Employee Expenses</u>		
Remuneration (for services provided)	226,574	214,248
Separation and redundancy	365	1,962
Total remuneration	226,939	216,210
Other employee expenses	4,746	7,310
Total	231,685	223,520
 <u>Note 4B - Suppliers Expenses</u>		
Supply of goods and services	99,909	94,484
Operating lease rentals	30,099	30,189
Other	5,883	5,796
Total	135,891	130,469

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

	2001-02	2000-01
	\$'000	\$'000
Note 4: Operating Expenses (cont.)		
<u>Note 4C - Depreciation and Amortisation</u>		
Depreciation of infrastructure, plant and equipment	7,932	4,358
Amortisation of leasehold improvements and intangibles	6,469	5,382
Total	<u>14,401</u>	<u>9,740</u>

Depreciation expenses are approximately \$801,000 higher than they would have been as a result of the change to the estimated useful life of computer equipment being changed down from five years to three years. (2001: nil)

The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:

Buildings on leasehold land	2	-
Plant and equipment	7,930	4,358
Leasehold improvements	4,065	3,153
Intangibles	2,404	2,229
Total	<u>14,401</u>	<u>9,740</u>

No depreciation or amortisation was allocated to the carrying amounts of other assets.

<u>Note 4D - Write down of assets</u>		
Receivables	12	-
Plant & equipment - write down	3,961	5,974
Plant & equipment - write-off on disposal	1,048	900
Intangibles - write-off on disposal	305	-
Total	<u>5,326</u>	<u>6,874</u>

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

	2001-02 \$'000	2000-01 \$'000
Note 5: Borrowing Cost Expenses		
Loans	-	472
Note 6: Financial Assets		
Note 6A - Cash		
Cash at bank and on hand	5,352	7,677
All cash recognised is a current asset		
Note 6B - Receivables		
Goods and services	2,701	8,872
Less: Provision for doubtful debts	(24)	(31)
	2,677	8,841
GST receivable	2,313	2,269
	4,990	11,110
Receivables (gross) are aged as follows:		
Not Overdue	4,503	10,321
Overdue by:		
Less than 30 days	78	316
30 to 60 days	97	69
60 to 90 days	284	33
More than 90 days	52	402
	511	820
Total receivables (gross)	5,014	11,141
All receivables are current assets		
Note 6C - Other Receivables		
Accrued Income	26	99
Other Debtors	15,215	1,420
	15,241	1,519
Other receivables are represented by:		
Current	10,191	1,469
Non-current	5,050	50
	15,241	1,519
6D Investments		
Term deposits (current)	20,000	54,000

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

	2001-02	2000-01
	\$'000	\$'000
Note 7: Non-financial assets		
Note 7A - Land and Buildings		
Leasehold land - at 2000-2001 valuation	<u>20</u>	<u>20</u>
	20	20
Buildings on leasehold land - at 2000-01 valuation	45	45
Accumulated amortisation	<u>(2)</u>	<u>-</u>
	43	45
Total Land and Buildings (non-current)	<u>63</u>	<u>65</u>
Note 7B - Infrastructure, Plant and Equipment		
Plant and equipment - at cost	25,608	7,508
Accumulated depreciation	<u>(3,407)</u>	<u>(997)</u>
	22,201	6,511
Plant and equipment - at 2000-02 valuation	72,316	84,377
Accumulated depreciation	<u>(37,456)</u>	<u>(44,712)</u>
	34,860	39,665
Total Infrastructure, Plant and Equipment (non-current)	<u>57,061</u>	<u>46,176</u>

The revaluations were in accordance with the revaluation policy stated at Note 1 and were completed by the Australian Valuation Office. Revaluation increment of \$507,374 for plant and equipment (2000-01 increment: \$4,465,631) was made to the asset revaluation reserve; no decrements for plant and equipment were expensed (2000-01 decrement: Nil).

AUSTRALIAN FEDERAL POLICE
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Note 7C - Analysis of Property, Plant, Equipment and Intangibles
TABLE A - Reconciliation of the opening and closing balances of Property, Plant, Equipment and Intangibles.

Item	Leasehold land	Building on Leasehold land	Total Land & Building	Plant & Equipment	Computer software - Total intangibles		TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value as at 1 July 2001	20	45	65	91,885	10,707		102,657
Adjustments		17	17			30	
Additions: - Purchases of assets				27,383	7,240		34,623
Revaluations: write-ups/(write-downs)		(17)	(17)	569		552	
Transfers				(11)	11		
Write-offs				(12,413)	(3,572)		(15,985)
Write-downs				(9,464)			(9,464)
Disposals				(38)		(38)	
Gross value as at 30 June 2002	20	45	65	97,924	14,386		112,375
Accumulated Depreciation/Amortisation as at 1 July 2001	-	-	-	(45,709)	(6,989)		(52,698)
Adjustments				(17)		(17)	
Depreciation/amortisation charge for the year		(2)	(2)	(11,995)	(2,404)		(14,401)
Revaluations: write-ups/(write-downs)				(45)		(45)	
Transfers				4	(4)		
Write-offs				11,365	3,266		14,631
Write-downs				5,503		5,503	
Disposals				31		31	
Accumulated Depreciation/Amortisation as at 30 June 2002	-	(2)	(2)	(40,863)	(6,131)		(46,996)
Net book value as at 30 June 2002	20	43	63	57,061	8,255		65,379
Net book value as at 1 July 2001	20	45	65	46,176	3,718		49,959

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TABLE B - Assets at valuation as at 30 June 2002

Item	Leasehold Land	Building on Leasehold Land	Total Land & Building	Plant & Equipment	Computer Software - Total Intangibles	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2002						
Gross value	20	45	65	72,316		72,381
Accumulated depreciation/amortisation	-	(2)	(2)	(37,456)		(37,458)
Net Book Value	20	43	63	34,860	-	34,923
As at 30 June 2001						
Gross value	20	45	65	84,377	-	84,442
Accumulated depreciation/amortisation	-	-	-	(44,712)	-	(44,712)
Net Book Value	20	45	65	39,665	-	39,730

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	2001-02	2000-01
	\$'000	\$'000
<u>Note 7D - Intangibles</u>		
Computer software:		
- Purchased (including modification costs)	2,433	6,775
- Accumulated amortisation	(1,687)	(4,366)
	746	2,409
- Internally developed	11,952	3,932
- Accumulated amortisation	(4,443)	(2,623)
	7,509	1,309
Total Intangibles (non-current)	8,255	3,718

Computer software is recorded at cost. Internally developed software and modifications to purchased software includes related employee expenses and administrative expenses.

Note 7E - Other Non-Financial Assets

Prepayments	63,188	8,060
Other	-	222
Total	63,188	8,282

AUSTRALIAN FEDERAL POLICE
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	2001-02 \$'000	2000-01 \$'000
Note 8: Provisions		
<u>Note 8A - Employee Provisions</u>		
Salaries and wages	6,966	4,761
Leave	62,565	57,320
Aggregate employee entitlement liability	69,531	62,081
Other	7,541	14,000
Total	77,072	76,081
Current	35,408	28,938
Non-current	41,664	47,143
Total	77,072	76,081
<u>Note 8B - Other Provisions</u>		
Provision for Restoration of Lease Property	8,866	5,354
Total	8,866	5,354
All other provisions are non-current.		
Note 9: Payables		
<u>Note 9A - Supplier Payables</u>		
Trade creditors	19,350	11,405
Other creditors	720	814
Total	20,070	12,219
Supplier payables are represented by:		
Current	19,582	11,520
Non-current	488	699
Total	20,070	12,219
<u>Note 9B - Other Payables</u>		
Unearned income	1,689	1,593
Other	-	85
Total	1,689	1,678

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 10: Analysis of Equity

	Accumulated results		Asset revaluation reserves		Total reserves		Capital		TOTAL EQUITY	
	2001-02 \$'000	2000-01 \$'000	2001-02 \$'000	2000-01 \$'000	2001-02 \$'000	2000-01 \$'000	2001-02 \$'000	2000-01 \$'000	2001-02 \$'000	2000-01 \$'000
Opening balance as at 1 July 2001	(88,035)	(101,991)	13,284	8,818	13,284	8,818	111,966	75,866	37,215	(17,307)
Net result and extraordinary items	21,281	13,956							21,281	13,956
Net revaluation increment/(decrement)			507	4,466	507	4,466			507	4,466
Return of capital							(162)		(162)	-
Capital use charge (CUC)	(5,625)								(5,625)	-
Contribution of equity: appropriation							13,237	36,100	13,237	36,100
Closing balance as at 30 June 2002	(72,379)	(88,035)	13,791	13,284	13,791	13,284	125,041	111,966	66,453	37,215

¹ Transactional banking arrangements introduced from 1 July 1999 enabled agencies to manage their surplus cash balances and earn interest on them. Reviews have been conducted by the Department of Finance and Administration with each agency to determine whether interest earned to 30 June 2002 was consistent with the Government's budget-neutrality condition for the arrangements. As at the date of signing these statements no final decision had been made by the Government on the amount of the distribution of equity to be made to it by the AFP. Nevertheless, the AFP returned an amount of \$0.162m in June 2002. The amount is disclosed in the above table as a 'return of capital'.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

	2001-02	2000-01
	\$'000	\$'000
Note 11: Cash Flow Reconciliation		
Reconciliation of Cash per Statement of Financial Position to Statement of Cash Flows		
- Cash at year end per Statement of Cash Flows	5,352	7,677
- Statement of Financial Position items comprising above cash: 'Financial Asset - Cash'	5,352	7,677
Reconciliation of operating surplus to net cash provided by operating activities:		
Net surplus/(deficit)	21,281	13,956
Adjustment in carry forward balance	(13)	344
Depreciation/amortisation	14,401	9,740
Write off and write down of assets	5,326	6,874
Proceeds from disposal of assets	(20)	(12)
Provision for doubtful debts	(10)	(3)
Increase in receivables	-	(8,641)
Decrease in receivables	1,743	-
Increase in prepayments	(54,906)	(1,997)
Increase in employee liabilities	991	-
Decrease in employee liabilities	-	(26,386)
Increase in other provisions	3,512	-
Increase in suppliers liabilities	7,851	4,719
Increase in other liabilities	11	1,336
Net cash provided (used) by operating activities	167	(70)

Note 12: Remote Contingencies

The AFP currently has a small number of pending claims against it in relation to a range of operational and personal injury claims. The likely success and likelihood of settlement of these claims is assessed as remote.

AUSTRALIAN FEDERAL POLICE
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	2001-02 Number	2000-01 Number
Note 13: Executive Remuneration		
The number of Executives who received or were due to receive total remuneration of \$100,000 or more:		
\$110,001 to \$120,000	-	1
\$120,001 to \$130,000	2	3
\$130,001 to \$140,000	-	7
\$140,001 to \$150,000	4	6
\$150,001 to \$160,000	4	4
\$160,001 to \$170,000	7	4
\$170,001 to \$180,000	4	4
\$180,001 to \$190,000	4	2
\$190,001 to \$200,000	1	-
\$200,001 to \$210,000	-	-
\$210,001 to \$220,000	1	1
\$220,001 to \$230,000	2	-
\$260,001 to \$270,000	1	-
\$280,001 to \$290,000	1	-
The aggregate amount of total remuneration of Executives shown above.	\$5,449,760	\$4,853,905
The aggregate amount of separation and redundancy payments during the year to Executives shown above.	\$64,167	\$127,389
Accruals for recreation leave and long service leave have been included in 2001-02 for the first time due to system enhancements. These adjustments have not been reflected in the comparative figures.		
Note 14: Remuneration of Auditors		
Financial statement audit services were provided free of charge to the AFP by the ANAO. The fair value of the services provided was:		
	\$121,000	\$119,500
Additional services provided and charged by the Auditor-General:		
	\$133,400	-
	Number	Number
Note 15: Average Staffing Levels		
The average staffing levels for the Agency during the year were:		
	2,913	2,878
Note 16: Act of Grace Payments and Waivers and Defective Administration Scheme		
	\$	\$
There were no Act of Grace payments during the reporting period.		
	-	1,111,792
No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997.		
	-	-
There was one payment made under the Defective Administration Scheme during the reporting period		
	4,500	-

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 17: Financial Instruments

a) Terms, conditions and accounting policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
<i>Financial Assets</i>		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	6A	Deposits are recognised at their nominal amounts.	The RBA provides the AFP with transactional banking services.
Receivables for goods and services	6B, 6C	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectibility of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	Most receivables are with entities external to the Commonwealth. Credit terms are normally net 30 days (2000-01: 30 days).
Term Deposits	6D	Deposits are recognised at their nominal amounts.	The RBA provides the AFP with transactional banking services. The AFP has funds in both term and current deposits. Term deposits are made into the Official Term Deposit Account with interest paid on maturity. Interest rates for term deposits have averaged 4.5% for the year (2001 5.8%).
Fees receivable		Fees accrue and are recognised at the time services are performed.	As for receivables for goods and services.
Accrued revenue		Interest is credited to revenue as it accrues.	

financial statements

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 17: Financial Instruments (contd)

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
<i>Financial Liabilities</i>		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Trade Creditors	9A	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Most creditors are entities that are not part of the Commonwealth legal entity. Settlement is usually made net 30 days.
<i>Unrecognised financial liabilities</i>			
Contingencies		The maximum amount payable is disclosed in the Schedule of Contingencies.	The AFP has both quantifiable and non-quantifiable contingencies.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Note 17: Financial Instruments (cont.)

b) Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate								Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
				1 year or less		1 to 2 years		2 to 5 years		> 5 years							
		01-02 \$'000	00-01 \$'000	01-02 \$'000	00-01 \$'000	01-02 \$'000	00-01 \$'000	01-02 \$'000	00-01 \$'000	01-02 \$'000	00-01 \$'000	01-02 \$'000	00-01 \$'000	01-02 %	00-01 %	01-02 %	00-01 %
Financial Assets																	
Cash at bank	6A			5,352	7,677									5,352	7,677	2.0	2.0
Receivables for goods and services	6B												5,014	11,141	5,014	11,141	n/a
Less: Provision for doubtful debts													(24)	(31)	(24)	(31)	n/a
Other	6C												15,241	1,519	15,241	1,519	n/a
Term deposits	6D			20,000	54,000									20,000	54,000	4.5	5.8
Total Financial Assets (Recognised)				25,352	61,677								20,231	12,629	45,583	74,306	
Total Assets														174,150	132,547		
Financial Liabilities																	
Lease restorations	8B												8,866	5,354	8,866	5,354	n/a
Lease incentives	9A												661	761	661	761	n/a
Trade creditors	9A												19,350	11,405	19,350	11,405	n/a
Other	9A, 9B												1,748	1,731	1,748	1,731	
Total Financial Liabilities (Recognised)													30,625	19,251	30,625	19,251	
Total Liabilities														107,697	95,332		
Contingent Losses																	
Claims for damages/costs	Schedule of Contingencies												3,092	1,887	3,092	1,887	n/a
Total Contingent Losses													3,092	1,887	3,092	1,887	

AUSTRALIAN FEDERAL POLICE
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Note 17: Financial Instruments (cont.)

c) Net Fair Values of Financial Assets and Liabilities

	Notes	2001-02		2000-01	
		Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value
		\$'000	\$'000	\$'000	\$'000
Departmental					
Financial Assets					
Cash at bank	6A	5,352	5,352	7,677	7,677
Receivables for goods and services (net)	6B	4,990	4,990	11,110	11,110
Other	6C	15,241	15,241	1,519	1,519
Term deposits	6D	20,000	20,000	54,000	54,000
Total Financial Assets		45,583	45,583	74,306	74,306
Financial Liabilities					
Lease restorations	8B	8,866	8,866	5,354	5,354
Lease incentives	9A	678	678	761	761
Trade creditors	9A	19,360	19,360	11,405	11,405
Other	9A, 9B	1,731	1,731	1,731	1,731
Total Financial Liabilities		30,635	30,635	19,251	19,251

AUSTRALIAN FEDERAL POLICE
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Note 17: Financial Instruments (cont.)

d) Net Fair Values of Financial Assets and Liabilities (cont.)

Financial Assets

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values of the lease incentive liabilities are based on discounted cash flows using current interest rates for liabilities with similar risk profiles.

The net fair values for trade creditors are approximated by their carrying amounts.

The net fair values of indemnities are regarded as the maximum possible loss which the Commonwealth faces while the indemnity remains current.

e) Credit Risk Exposures

The AFP's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Performance.

The AFP has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

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Note 18: Appropriations

Note 18A - Appropriation Acts (no. 1/3) 2001-2002

Particulars	Departmental Outputs
Year ended 30 June 2002	\$
Balance carried forward from 2000-01	383,511
Appropriation for reporting period (Act 1)	296,289,000
Appropriation for reporting period (Act 3)	7,380,000
Adjustments determined by the Finance Minister	
Amounts from Advance to the Finance Minister	
Amounts from Comecover receipts	
Refunds credited (FMA s30)	
GST credits (FMA s30A)	11,003,556
Annotations to 'net appropriations' (FMA s31)	97,199,000
Other annotations	
Available for payments	412,255,067
Payments made	422,984,362
Balance carried forward to 2002-03	(10,729,295)
Year ended 30 June 2001	
Available for payments	386,980,814
Payments made 2001	386,597,303
Balance carried forward to 1 July 2001	383,511

FMA = Financial Management and Accountability Act 1997

Act 1 = Appropriations Act (No.1) 2001-2002

Act 3 = Appropriations Act (No.3) 2001-2002

There were no savings offered up during the year and there have been no savings offered up in previous years that are still ongoing.

Prior year 'available' figures have been adjusted where the final determinations of amounts lapsed differed to that reported in 2000-01.

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Note 18B: Appropriations

Note 18B - Appropriation Acts (no. 2/4) 2001-2002

Particulars	Capital			Total
	Departmental	Equity	Loans	
		\$	\$	\$
Year ended 30 June 2002				
Balance carried from previous year		7,293,000		7,293,000
Current Appropriation (Act 2)		10,000,000		10,000,000
Current Appropriation (Act 4)		3,237,000		3,237,000
Adjustments determined by the Finance Minister				
Amounts from Advance to the Finance Minister				
Amounts from Comcover receipts				
Refunds credited (FMA s30)				
GST credits (FMA s30A)		1,401,806		1,401,806
Annotations to 'net appropriations' (FMA s31)				
Other annotations		1,838,000 ¹		1,838,000
Transfer to/from other agencies (FMA s32)				
Administered expenses lapsed under determination				
Available for payments		23,769,806		23,769,806
Payments made		7,689,000		7,689,000
Balance carried to next year		16,080,806	-	16,080,806
Year ended 30 June 2001				
Available for payments 2001		36,100,000		36,100,000
Payments made 2001		28,807,000		28,807,000
Balance carried forward to 1 July 2001		7,293,000	-	7,293,000

Act 2 = Appropriations Act (No.2) 2001 - 2002

Act 4 = Appropriations Act (No.4) 2001 - 2002

There were no savings offered up during the year and there have been no savings offered up in previous years that are still ongoing. Prior year 'available' figures have been adjusted where the final determinations of amounts lapsed differed to that reported in 2000 - 01.

¹ An amount of \$1,838,000 has been recorded as a receivable from Department of Finance and Administration at year end resulting from the overpayment of monies owing. This amount is yet to be ratified by the Finance Minister.

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Note 19: Trust Monies

Other Trust Moneys Reserve - Australian Federal Police

Purpose - for the receipt of moneys temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth

	\$
Balance as at 1 July 2001	237,810
Add: Receipts during the year	420,996
	<u>658,806</u>
Less: Payments made during the year	269,922
Balance as at 30 June 2002	<u>388,884</u>

Receivers Trust Moneys Reserve - Australian Federal Police

Purpose - Payment of moneys in connection with services performed on behalf of other governments and non-agency bodies.

	\$
Balance as at 1 July 2001	16,077
Add: Receipts during the year	185,054
	<u>201,131</u>
Less: Payments made during the year	195,435
Balance as at 30 June 2002	<u>5,695</u>

Comcare Trust Account

Purpose - Monies advanced to the AFP by Comcare and held in trust for the purpose of compensation payments made in accordance with the *Safety Rehabilitation and Compensation ACT 1998*.

	\$
Balance as at 1 July 2001	137,695
Add: Receipts during the year	2,562,528
	<u>2,700,223</u>
Less: Payments made during the year	2,455,725
Balance as at 30 June 2002	<u>244,498</u>

Salary Packaging Trust Account

Purpose - For the collection and payment of AFP employee's salary packaging arrangements.

	\$
Balance as at 1 July 2001	899,265
Add: Receipts during the year	7,003,885
	<u>7,903,150</u>
Less: Payments made during the year	6,144,138
Balance as at 30 June 2002	<u>1,759,012</u>

AUSTRALIAN FEDERAL POLICE
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Note 20: Reporting of Outcomes

Note 20A Total Cost/Contribution of Outcomes (Whole of Government).

	Outcome 1		Outcome 2		Total	
	Actual \$'000	Budget \$'000	Actual \$'000	Budget \$'000	Actual \$'000	Budget \$'000
Net cost of departmental outputs	314,156	323,182	73,147	77,546	387,303	400,728
Cost of outcome before extraordinary items	314,156	323,182	73,147	77,546	387,303	400,728
Extraordinary items	-	-	-	-	-	-
Net cost to Budget outcome	314,156	323,182	73,147	77,546	387,303	400,728

AUSTRALIAN FEDERAL POLICE
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for the year ended 30 June 2002

Note 20: Reporting of Outcomes (cont.)

Note 20B - Major Departmental Revenues & Expenses by Output Group

	Outcome 1						Outcome 2			Total	
	Investigation Services		Protection Services		International Services		Total Outcome 1		ACT Policing		Total
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	
Operating revenues											
Revenue from governments	203,480	193,751	44,422	42,298	55,888	53,213	303,790	289,262	-	-	303,790 289,262
Sale of goods and services	20,437	20,117	4,501	4,392	5,663	5,525	30,601	30,034	74,193	65,735	104,794 95,769
Total operating revenues	223,917	213,868	48,923	46,690	61,551	58,738	334,391	319,296	74,193	65,735	408,584 385,031
Operating expenses											
Employees	116,709	111,593	25,479	24,362	32,055	30,650	174,243	166,605	57,442	56,916	231,685 223,520
Suppliers	82,679	77,856	18,050	16,997	22,709	21,383	123,438	116,236	14,365	14,233	137,803 130,469
Other	10,404	10,555	2,689	2,304	3,382	2,899	16,475	15,758	1,340	1,328	17,815 17,086
Total operating expenses	209,792	200,004	46,218	43,663	58,146	54,932	314,156	298,599	73,147	72,477	387,303 371,075

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 20: Reporting of Outcomes (cont.)

Note 20C - Major Departmental Assets and Liabilities by Output Group

	Investigation Services		Protection Services		International Services		ACT Policing		Non-Attributable		Total	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Departmental assets												
Goods and services receivable									8,872	2,701	8,872	2,701
Net GST receivable									2,313	2,269	2,313	2,269
Less: provision for doubtful debts									(24)	(31)	-24	-31
Land									20	20	20	20
Buildings									43	45	43	45
Plant and equipment									57,061	46,176	57,061	46,176
Internally developed software									1,309	1,309	1,309	1,309
Externally acquired software									746	2,409	746	2,409
Total output specific departmental assets	-	-	-	-	-	-	-	-	70,369	61,069	70,369	61,069
Other departmental assets												
Cash at bank and on hand									5,352	7,677	5,352	7,677
Term deposits									20,000	54,000	20,000	54,000
1 Other									78,429	9,801	78,429	9,801
Total other departmental assets	-	-	-	-	-	-	-	-	103,781	71,478	103,781	71,478
Departmental liabilities												
Employees									77,072	76,081	77,072	76,081
Suppliers									20,070	12,219	20,070	12,219
Total output specific departmental liabilities	-	-	-	-	-	-	-	-	97,142	88,300	97,142	88,300
Other departmental liabilities												
Other									10,555	7,032	10,555	7,032
Total other departmental liabilities	-	-	-	-	-	-	-	-	10,555	7,032	10,555	7,032

All assets and liabilities have been classified as non-attributable because no reliable means of allocation could be determined.

1 Includes a liability of \$836,000 for the 2001-02 capital use charge which has been offset against other receivables from the Department of Finance and Administration.

Glossary

ABA	Australian Broadcasting Authority	CCPM	Case Categorisation and Prioritisation Model
ABCI	Australian Bureau of Criminal Intelligence	CFISP	Commonwealth Fraud Investigation Standards Package
ABDC	Australian Bomb Data Centre	CGC	Corporate Governance Committee
ACM	Australasian Correctional Management	CHOGM	Commonwealth Heads of Government Meeting
ACPR	Australasian Centre of Police Research	CIPG	Critical Infrastructure Protection Group
AFP	Australian Federal Police	COO	Chief Operating Officer
AFPA	Australian Federal Police Association	CPP	Close Personal Protection
AFPNET	Australian Federal Police computer network	CPO	Chief Police Officer (ACT)
AGD	Attorney-General's Department	CSA	Child Support Agency
AGEC	Action Group into the Law Enforcement Implications for Electronic Commerce	CSCAP	Council for Security Cooperation in the Asia-Pacific
Agio	(A multi-agency task force administered by the NCA that looks into suspicious financial transactions)	CTC	Counter Terrorism Committee
AIPM	Australian Institute of Police Management	Customs	Australian Customs Service
AIRC	Australian Industrial Relations Commission	DFAT	Department of Foreign Affairs and Trade
ANAO	Australian National Audit Office	DIMIA	Department of Immigration and Multicultural and Indigenous Affairs
ANCD	Australian National Council on Drugs	DoFA	Department of Finance and Administration
APG	Australia Pacific Group on Money Laundering	DoTaRS	Department of Transport and Regional Services
APS	Australian Protective Service	DPP	Director of Public Prosecutions
AQIS	Australian Quarantine and Inspection Service	DSD	Defence Signals Directorate
ASIC	Australian Securities and Investments Commission	EET	Electronic Evidence Team
ASIO	Australian Security Intelligence Organisation	EIS	Executive Information System
ATO	Australian Taxation Office	EMP	Employment Management Program
ATS	Amphetamine type stimulants	ESCG	Electronic Security Coordination Group
AUSTRAC	Australian Transaction Reports and Analysis Centre	FATF	Financial Action Task Force
BAA	Business Activity Analysis	FBI	Federal Bureau of Investigation
CA	Certified Agreement	FCA	Family Court of Australia
CASA	Civil Aviation Safety Authority	FIT	Financial Investigation Team
		FOI	Freedom of Information
		FTRA	Financial Transaction Reporting Act
		GRMPA	Great Barrier Reef Marine Park Authority

HIC	Health Insurance Commission	NWPP	National Witness Protection Program
HOCOLEA	Heads of Commonwealth Operational Law Enforcement Agencies	OH&S	Occupational Health and Safety
HOI	Head Office Investigations	PBS	Portfolio Budget Statements
HONLEA	Heads of National Drug Law Enforcement Agencies	PCC	Police Commissioners' Conference
IM	Information Management	PIP	Performance Improvement Plan
IMOSC	International Management of Serious Crime	PM&C	Prime Minister and Cabinet
		PNG	Papua New Guinea
		PROMIS	Police Real-time Online Management Information System
INP	Indonesian National Police	PSCC	Protective Security Coordination Centre
IP	Intellectual Property	PSI	Protective Security Intelligence
IPP	Internationally Protected Person	PST	People Smuggling Team
IPMT	International Peace Monitoring Team	PTT	Police Technical Teams
IPR	Intellectual Property Rights	QAR	Quarterly Assurance Review
IPRCG	Intellectual Property Rights Consultative Group	QPS	Queensland Police Service
ISP	Internet Service Provider	SAC-PAV	Standing Advisory Committee on Protection Against Violence
ITSA	Insolvency and Trustee Service Australia	SAP	System Applications and Products (the AFP's human resources/ financial management system)
IT	Information Technology	SAT	Security and Audit Team
JACG	Joint Asian Crime Group	SES	Senior Executive Service
KPIs	Key Performance Indicators	STSC	Science and Technology Steering Committee
LBSG	Local Business Service Group	TI	Telephone Intercept
LECP	Law Enforcement Cooperation Program	TPA	Townsville Peace Agreement
MCDS	Ministerial Council on Drug Strategy	UN	United Nations
MDMA	3,4 methylenedioxy methamphetamine	UNCIVPOL	United Nations Civilian Police
MOSC	Management of Serious Crime	UNPOL	United Nations Police
MOU	Memorandum of Understanding	UNMISSET	United Nations Mission in Support of East Timor
NCA	National Crime Authority	UNTAET	United Nations Transitional Administration in East Timor
NCB	National Central Bureau (Interpol)	VIP	Very Important Person
NHSP	National Heroin Signature Program		
NIDS	National Illicit Drugs Strategy		
NII	National Information Infrastructure		
NMT	National Management Team		
NPSD	No Prohibited Substance Detected		

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