



2002-2003 AFP ANNUAL REPORT

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ISSN 0728-4691

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2002-2003
AFPANNUALREPORT

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LETTER OF TRANSMITTAL - OCTOBER 2003

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 2002 to 30 June 2003.

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

In accordance with Guideline 1.9 of the *Commonwealth Fraud Control Guidelines*, I hereby certify that I am satisfied that the AFP has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of the AFP and comply with the *Commonwealth Fraud Control Guidelines*. Due to the transfer of the APS from the Attorney-General's Department, the APS has not yet completed an independent fraud control and anti-corruption plan. However, work is continuing with the APS to ensure the plan is aligned with AFP strategies.

The year under review presented major challenges to the members of the AFP who met each of these challenges with professionalism and with commitment, often well beyond levels which might have been expected. In previous reports, I have been pleased to commend our people to you, by virtue of their activities; this year, their work over many fronts deserves and receives from me the highest possible praise.

Yours sincerely



M J Keelty
24 October 2003

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CHAPTER 01

INTRODUCTION

CHAPTER 01 – INTRODUCTION



EXECUTIVE REVIEW

By Commissioner Mick Keelty

The year in review has been one of the most momentous in the history of the Australian Federal Police (AFP).

Incidents at home and abroad have brought changes upon us but, as an organisation, we have responded with firmness, with speed and with confidence.

We have seen that change expresses itself in the work we do both inside and outside Australia – cooperative international operations have assumed a major profile – yet we have maintained the capacity to continue our core business while accommodating the new focus.

In fact, we have seen that, as we take on these vital international duties, we discover the value of skill depth and flexibility to respond to emerging needs.

The Bali bombings were a dramatic case in point.

On that morning in October 2002, Australians awoke to the horrific news that many of their fellow citizens had died and many more injured in terror bombings in Indonesia.

Not since the Hilton Hotel bombing in Sydney in 1978 had Australia been confronted so starkly with the spectre of terrorism. The Hilton event gave rise to not only a Royal Commission but also the eventual creation of the AFP.

This organisation responded to the challenge of the Bali bombings with speed and efficiency. We joined with the Indonesian authorities to push forward inquiries into the perpetrators of this attack and, as this report is being prepared, cases are being mounted by the Indonesian authorities. Only four months before the terrorist attacks, the head of the Indonesian National Police (INP), General Da'i Bachtiar, and I signed a Memorandum of Understanding (MOU) to address transnational crime including terrorism which clearly facilitated the joint investigations into the bombings and subsequent prosecutions.

The Bali bombings and the September 11 2001 attacks on the United States of America dramatically altered government and community expectations, not only to monitor terrorist activity but to disrupt it.

CHAPTER 01 – INTRODUCTION

Now legislation provides law enforcement with a strong base upon which to attack terrorism both in Australia and overseas – terrorism now is confronted with Australian law, overtly condemning it as a crime.

The Government has recognised that, to combat this crime, we must take the fight into the international arena, using the same methods as we have to confront other transnational crimes, for example, disruption and prevention.

The AFP, under circumstances defined in the legislation, can move against counter-terrorism with our law enforcement allies, both inside and outside Australia. We can begin to disrupt terrorism by jailing the perpetrators, seizing their assets and removing their ability to re-group.

Law and order through the region has been realigned. In Australia, this has meant major adjustments to the planning, operating and training of the AFP. This extends beyond domestic strategies, requiring engagement and coordination with agencies across the region.

The commission of prelude offences provides law enforcement with the ability to take early interdiction and prevent a terrorist act.

The Government has provided the AFP with one of the most powerful law enforcement tools – the Proceeds of Crime Act 2002. This was a milestone in Australian and international law enforcement, allowing us for the first time to take civil action against the proceeds of crime and, in the case of terrorism, the money used to sponsor, support and facilitate tragic events like the Bali bombings.

The AFP is also already well integrated into the region through our international network and our efforts to combat other serious and transnational crime.

We have, over a long period, developed strong relationships with law enforcement agencies across our region; this has been the basis for much of our success in the investigation of transnational crimes and criminals.

There are 45 Federal Agents in liaison officer positions in 28 countries (with three officers in London, Washington and Kuala Lumpur dedicated to counter terror-

ism), working with their law enforcement counterparts to proactively address crime impacting on Australia.

During the Bali investigations, the AFP averaged 40 Federal Agents and analysts assisting the Indonesian National Police (INP) throughout the country on issues including Disaster Victim Identification, forensic investigation, criminal intelligence analysis and bomb data analysis; we also worked closely on the investigation and the preparation for prosecution. At its peak, about 100 AFP members were deployed to Bali. This would not have been possible had it not been for the support of State and Territory police services in Australia which so capably joined with us to assist the INP.

Australian Protective Service (APS) officers, now an operating division within the AFP, were also involved in the Bali operation and carried out their jobs with precision and understanding.

Australia is now the focus for many countries in the field of transnational crime prevention and counter-terrorism investigation, with several officers from Germany, the Netherlands, the United Kingdom and the USA working in Australia with the AFP on these issues.

The AFP initiated the formation, with all State and Territory police services, of Joint Counter-Terrorism Teams (JCTTs). These teams, consisting of Federal Agents and their State/Territory counterparts, will investigate suspected terrorist activity, arresting and prosecuting those found to be involved or supporting terrorist activities in Australia or overseas and complementing the work of the Australian intelligence community.

The Bali bombings demonstrated how global law enforcement alliances can penetrate terrorist organisations and uncover previously unknown links and associations. During the first four months of the investigation, more information was uncovered on the operation and networking of Jemaah Islamiyah than in many previous years of intelligence operations.

However, the objective is to identify those activities before they happen. Since the Bali bombings, AFP officers have also been deployed in the Philippines and Saudi Arabia to work with our international partners following terrorist incidents occurring in those locations. Clearly, the more experience our organisation receives, the better equipped we will be should a terrorist incident occur at home.

CHAPTER 01 – INTRODUCTION

Our revamped intelligence is targeted more at direct and timely dissemination rather than a process of osmosis, spreading intelligence through layers of assessment that slows down its transmission. Intelligence, to be effective, requires a relationship with the community. We have ensured that we engage local communities in the law enforcement process so that they know our role, understand and support our goals.

Transnational crime is a series of competing and complementary interests that, over time, wash over issues and identities. To prevent the stovepiping of information and its analysis, the AFP has established the Transnational Crime Coordination Centre (TCCC) as we move towards an integrated approach to achieving our potential. Teams of analysts and intelligence officers work together with federal agents on the full range of transnational crime issues, ensuring that intelligence is well managed and coordinated across the crime types.

During the year under review, the Australian Crime Commission (ACC) was founded and I was nominated to take the position of Chair of the Board. The ACC replaced the National Crime Authority (NCA), the Australian Bureau of Criminal Intelligence (ABCI) and the Office of Strategic Crime Assessments. Its functions include:

- criminal intelligence collection and analysis;
- setting national criminal intelligence priorities;
- conducting intelligence led investigations of criminal activity of national significance including the conduct and/or coordination of investigative and intelligence task forces as approved by the ACC Board; and
- the exercise of coercive powers to assist in intelligence operations and investigations.

The role of Chair complements and is consistent with the direction the AFP is taking, both onshore and offshore.

THE INTERNAL ENVIRONMENT

In 2002-03, the AFP developed enhanced roles and responsibilities: stronger legislative support to carry out its functions (such as the Measures to Combat Serious and Organised Crime Act 2001, Proceeds of Crime Act 2002 and Cybercrime Act 2001), the AFP

changed relationships with key Commonwealth and State partners and clients, arising from decisions flowing from the Special Leaders' Summit (April 2002).

This transition will present substantial change management issues, issues made more complex by the fact that the role adjustments are in a direction not contemplated by the AFP before the terrorist attacks of recent times. The Government's high performance expectations of the AFP are reflected through record funding of an additional \$398 million over four years in the 2002-03 Budget. The combination of these expectations and the changed operating environment arguably make this a more challenging time for the AFP than at any time during its history.

Significant work also continued on the incorporation of the APS with the AFP, effective from 1 July 2002. Further integration of the two organisations will enhance the AFP's capabilities to counter the threat of terrorism and to prevent it undermining Australia's national security. The planned and strategic approach to implement the Government's integration decision continues, concentrating on resolving strategic issues, moving to further merging of the two organisations.

Last year, the AFP flagged that 2002-03 would be a year of significant growth in members. The latter half of the year saw managers and internal operational networks put to the test; our managers were given the opportunity to develop high level management skills individually and collegiately. Now the organisation looks to a period of consolidation where new members will find strong mentoring support from senior members as they develop through our business plans.

Our next challenge is to construct a management structure which supports our strategic direction and outcome management. Work has already begun in this direction, with a view to determining our most effective structure for the future.

We are looking at the development of a modern, strong and constructive police management team, ready to take the AFP to the next level of professionalism and commitment.

Late in the year, relevant AFP members voted in a new certified agreement (CA) which was ratified by the Industrial Relations Commission on 27 June 2003. It promises a new platform for even better work practices.

CHAPTER 01 – INTRODUCTION

THE CRIME ENVIRONMENT/OUTLOOK

Geo-political instability, including in Australia's region, will continue to present opportunities for increasingly sophisticated and technologically capable transnational crime, including terrorism, and will generate demands for peacekeeping/peace monitoring services as well as institutional strengthening of law enforcement capacity.

The highest terrorist threat to Australia is posed by extremist groups. As I have written, countering terrorism is the AFP's key priority and will remain so while the current security environment endures. This function has a number of significant elements encompassing prevention, first-response in the Australian Capital Territory (ACT) and at major airports and post-incident investigation.

Transnational crimes, that is those crimes which operate across national borders, will remain a high priority for the AFP. People smuggling (including the trafficking of women and children) is still a significant issue, given the involvement of organised crime and the dynamics of push and pull factors, generating a large pool of people wishing to travel illegally. While there have been no detected boat arrivals of substance involving the landing of unlawful non-citizens in Australia since December 2001, there have been a number of attempts to travel to Australia by boat; there is also ongoing people smuggling by air to Australia, using false or fraudulently obtained documentation. On 1 July – outside the reporting period – a vessel carrying 53 Vietnamese unlawful non-citizens arrived off the coast of Port Hedland. An Australian national was arrested and charged with involvement in bringing the non-citizens to Australia.

Human trafficking, particularly activities involving the exploitation of women and children for the 'sex industry' is an insidious activity requiring focused whole-of-government endeavours. The AFP is actively involved with institutions locally and internationally to ensure those responsible are brought to justice.

Illicit drugs, including heroin, continue to be a major issue. While the long-term impact of the Australian heroin shortage since late 2000 is under assessment, death from heroin overdoses fell by 58 per cent in 2001. The contribution that the AFP made to the shortage through a number of successful operations with its law enforcement partners has been acknowledged by

the United Nations Office on Drugs and Crime. Unlike the heroin situation, cocaine availability seems to have remained constant in parts of Australia. Cocaine and amphetamine-type stimulants (ATS), appear to have filled some of the void left by the heroin shortage, possibly leading to signs of growing cocaine and ATS consumption by intravenous drug users.

Australia is following the broad global trends of increasing demand for ATS, as evidence continues to grow over its harmful effects. We have had record seizures in this area in 2002-03. Importing and trafficking methyl amphetamine and methylenedioxymethamphetamine (MDMA or ecstasy) remain attractively profitable to both individual opportunistic operators and to organised transnational crime; ATS is likely to increasingly figure in AFP priorities.

High tech crime, with its associated issues of identity and authenticity, will continue to be a prominent issue. It is not only a threat to important electronic systems, including those that underpin electronic commerce and the National Information Infrastructure (NII) but is increasingly an element in the commission of a wide range of criminal offences, including drug trafficking, people smuggling and terrorism. The pervasiveness and sophistication of technology poses many challenges to national law enforcement efforts. The AFP-hosted Australian High Tech Crime Centre (AHTCC), launched on 2 July 2003, will be a significant milestone in the effort to combat such crime.

Our commitment to battling high tech crime was shown in an internationally ground breaking investigation relating to a network distributing copyright-protected music via MP3 (a standard technology and format for compressing sound sequences into very small files) over the Internet, breaching the Copyright Act 1968; this matter is currently in brief preparation. Music industry complainants suggest this alleged infraction was potentially worth \$70 million. The AFP's action was the first of its type in the world and one of which we are rightly proud.

CHAPTER 01 – INTRODUCTION

CONCLUSION

The AFP is committed to confronting the challenges that face us in the coming years.

Working on our brief from the Government, we have better defined our role, branched out into areas that have come unexpectedly to us but have maintained, perhaps even improved, our efforts in some core activities.

As the year ended, the Australian Government put forward a proposal for a peacekeeping force in the Solomon Islands, led by Australia. The AFP and Australian Defence Force would play the senior roles in the project. While, at the time of writing the Parliament had yet to vote on this, the proposed structure gives yet another indication of our stature in the eyes of the Government – our skills, our value and our efforts in past endeavours continue to be recognised in a significant way.

The rest of this report defines our work in more detail. I end my review with a note of pride in and gratitude to the men and women who make up the ranks of the AFP. Their professionalism and dedication made 2002-03 a year to be remembered as one of our finest.



M J Keelty
Commissioner

CHAPTER 01 – INTRODUCTION

OVERVIEW OF THE AFP

The AFP's strategic position in its operating environment, and hence its priorities, is determined in accordance with the Australian Federal Police Act 1979, section 8 and by Ministerial Directions issued under s. 37 (2) of the Act. Strategic priorities may also result from government policies such as the Commonwealth Fraud Control Guidelines which assign specific responsibilities to the AFP for the investigation of serious or complex fraud and from forums such as the Special Leaders' Summit. These strategic directions are reflected in the AFP outcomes and outputs framework agreed with the Government (referred to in this report).

Section 8 of the Australian Federal Police Act specifies that the functions of the AFP include:

- > the provision of police services in relation to the ACT and Australia's External Territories; and
- > the provision of police services in relation to:
 - > the laws of the Commonwealth;
 - > the property of the Commonwealth (including Commonwealth places) and property of authorities of the Commonwealth;
 - > the safeguarding of Commonwealth interests; and
 - > anything else that is incidental or conducive to the provision of these services.

In addition to those areas of investigative focus specified by the AFP's Ministerial Direction (see page 20), the provision of close personal protection (CPP) to Australian high office holders, Internationally Protected Persons (IPPs) and other Very Important Persons (VIPs), and the provision of a range of user-pays guarding and related security services consistent with the Government's interests, are also significant responsibilities of the AFP. Consistent with this security role, the AFP also provides a first-response and deterrent role to potential terrorist acts against Australia's passenger aviation industry.

As the number of offences in areas of AFP responsibility far exceeds its investigational capacity, the AFP uses a Case Categorisation and Prioritisation Model (CCPM)

to give effect to its Ministerial Directions and the AFP's outcomes and outputs framework by ensuring that its limited resources are allocated to the highest priority matters. More details of the CCPM are provided in Chapter 3. The AFP's business planning framework, introduced in 2000 and augmented in 2001, continues to ensure responsiveness and flexibility in AFP service delivery. As this report demonstrates, 2002-03 was a year in which AFP responsiveness and flexibility were tested greatly. Further details of the business planning framework are in Chapter 3.

The AFP has as its vision, to fight crime together and win, and as its mission, to provide dynamic and effective law enforcement to the people of Australia. As this report demonstrates, the demands on AFP resources and the complexity of these demands are such that the AFP can only achieve its outcomes by working efficiently, effectively and cooperatively with a very wide range of agencies both within Australia and overseas. This has particularly been the case in the heightened counter-terrorism and security environments of 2002-03. Within Australia, the AFP works in very close partnership with the Australian Crime Commission (ACC), Australian Customs Service (Customs), the Australian Transaction Reports and Analysis Centre (AUSTRAC), the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) and State and Territory police services. Close cooperation with the ACC has been further enhanced by the appointment of the Commissioner of the AFP as the Chair of the ACC Board.

Internationally, the AFP's partnerships with agencies and its international liaison network are increasingly integral elements in the investigation of transnational crime. The increasing importance of the AFP's International Network in intelligence gathering and sharing is reflected in its rapid growth. The AFP is now represented by 45 liaison officers in 28 countries, and on peacekeeping or peace monitoring missions in Cyprus and Timor Leste (formerly East Timor).

As part of its national and international focus, the Australian National Central Bureau (NCB) for Interpol is provided by the AFP, with the NCB representing all Australian police services. The NCB provides a direct link with the 181 member countries of Interpol.

At 30 June 2003, the AFP had 3,496 employees located in Canberra, Sydney, Melbourne, Brisbane,

CHAPTER 01 – INTRODUCTION

Perth, and Adelaide, and in smaller offices in Cairns, Coffs Harbour, Darwin, the Gold Coast, Hobart and Townsville. There are also Resident Agents stationed in Broome, Port Hedland and Thursday Island and members providing community policing services in the External Territories of Cocos (Keeling) Islands, Christmas Island, Norfolk Island and Jervis Bay.

The APS is the Commonwealth Government's specialist protective security provider. At 30 June 2003, it had 1,264 employees, located in national headquarters in Canberra and in APS Stations located in Canberra, Sydney, Melbourne, Brisbane (including the Gold Coast), Perth, Adelaide, Darwin, Hobart, Cairns, Alice Springs (including Pine Gap), Exmouth and Geraldton. The APS also has a presence at airports in Adelaide, Alice Springs, Brisbane, Cairns, Canberra, Coolangatta, Darwin, Hobart, Melbourne, Perth and Sydney. Notwithstanding this spread of locations, the AFP and APS strive to deliver high quality flexible policing services to any localities when necessary and appropriate.

The AFP's executive and managerial structure is depicted at Chart 1 on page 22 with further details given in Chapter 5. The AFP organisation chart appears on page 24.

MINISTERIAL DIRECTION

Section 37 (2) of the Australian Federal Police Act 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, 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. Special attention is to be directed at the investigation of economic

- > crime, in all its forms, transnational crime and crime involving information technology (IT) 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.

In addition to the functions specified in the Ministerial Direction, the Government also expects the AFP to focus on:

- > providing counter-terrorism capacity including CPP and security intelligence;
- > providing guarding and security services for some diplomatic and consular missions, parliamentary offices and some designated government establishments; and
- > providing counter-terrorism first-response (CTFR) capability at Australian airports in relation to the aviation industry.

A new Ministerial Direction reflecting the changed national security environment, and the Government's expectations of the AFP within that environment, was under consideration at the end of 2002-03.

APS activities are determined in accordance with the provisions of the Australian Protective Service Act 1987, subsection 6.1, and Ministerial Directions. Strategic priorities also result from Government policies.

A range of budget-funded and user-pays guarding and security services are delivered by the APS to a variety of clients, for or on behalf of the Commonwealth.

The main services the APS provides are: guarding services at premises considered by the Government to be at some risk; CTFR security arrangements at major airports across the country; Air Security Officer (ASO) program which provides a deterrent to aircraft hijacking; and specialised protective security advisory, training, monitoring, and consultancy services.

CHAPTER 01 – INTRODUCTION

OVERVIEW OF THE REPORTING STRUCTURE

The AFP has a two-outcome structure that aligns its dual roles of providing policing services to the Australian 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.

On 1 July 2002, the APS transferred from the Attorney-General's Department (AGD) to the AFP. The APS became part of the AFP as a new operating division in the organisation structure and its functions resulted in the creation of a new and specific Output 1.4 – Guarding and Security Services – under the AFP's existing Outcome 1. At the same time, the position of Executive Director Protection was created to direct and manage the two protection-related outputs, 1.2 Protection Services and 1.4, Guarding and Security Services. The Executive Director Protection reports directly to the Commissioner.

In April 2003, a new portfolio of Counter-Terrorism was created, as the first in a series of incremental changes towards a more functionally aligned business focused structure. The portfolio is headed by a General Manager, who reports to the Executive Director Protection.

This new structure will not be fully operational until 1 July 2004, given the need to properly align these structural changes with the Portfolio Budget Statement (PBS) and the outcomes and outputs framework. Amongst the drivers for structural change is the need to enhance accountability and bring greater strategic thinking to the AFP's crime types and to ensure that resources are positioned in accordance with the AFP's current and emerging business needs. A Steering Group, comprising the Deputy Commissioner, Chief Operating Officer, Executive Director Protection and General Manager Southern Operations, has been established to guide further development of the new business model.

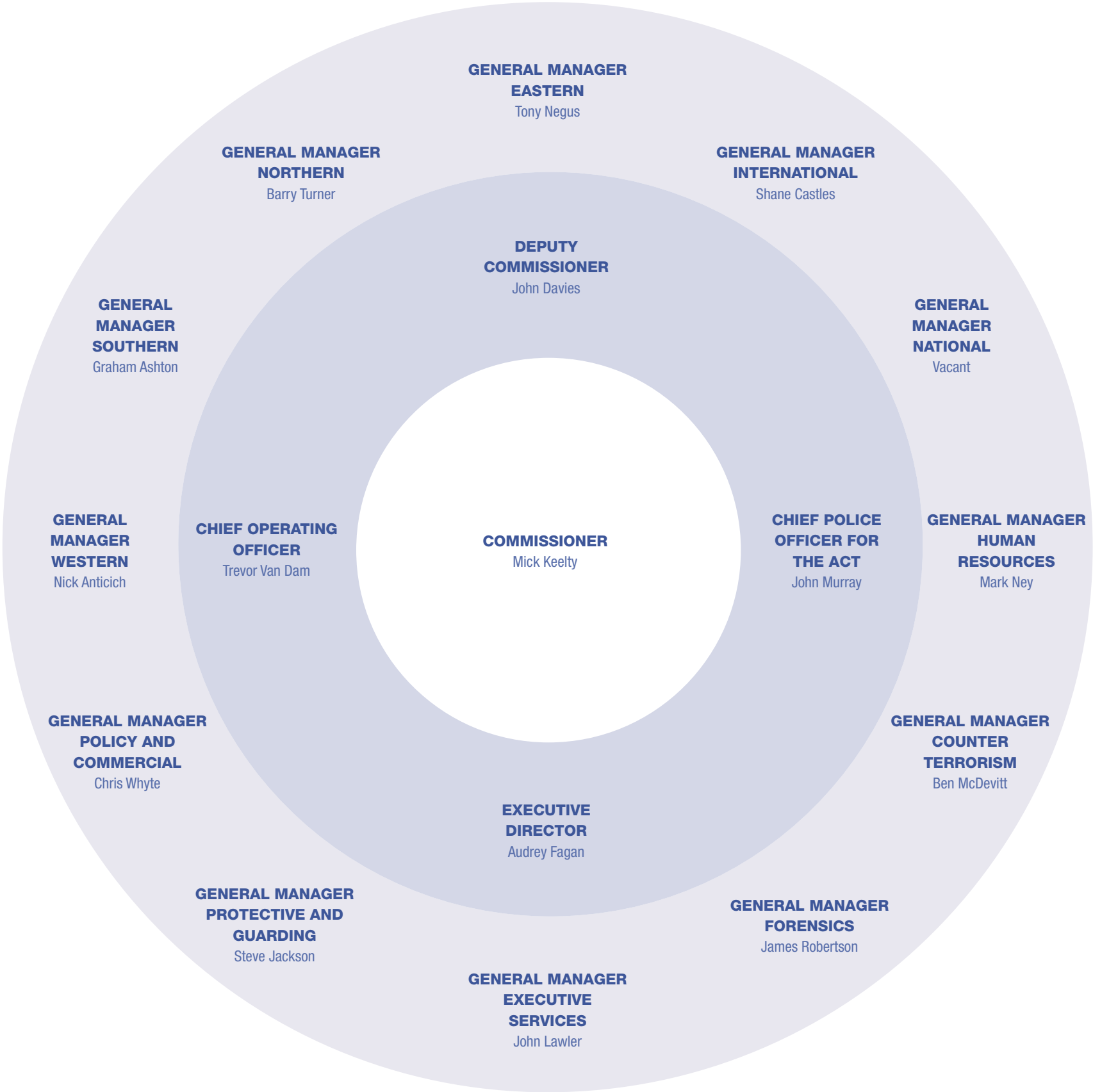
In February 2003, the position of General Manager Executive Services was created. This position has a portfolio that incorporates the Commissioner's Office, Marketing and Communications, Outcome Service Delivery (OSD) and a new team, Legislation and Ministerial. The portfolio is to enhance the AFP's strategic monitoring, reporting and coordination capabilities by assembling within the portfolio those elements with high levels of client, partner and stakeholder responsibilities. The General Manager Executive Services reports directly to the Commissioner and liaises closely with other members of the senior Executive team.

On 14 October 2002, the responsibilities for the management and policing of the External Territories of Cocos (Keeling) Islands, Christmas Island, Norfolk Island and Jervis Bay were transferred to Output 1.1 Investigation Services from Output 1.3 International Services. This realignment of the services better reflected the output of this area.

The outcome structure is illustrated on page 26.

EXECUTIVE TEAM

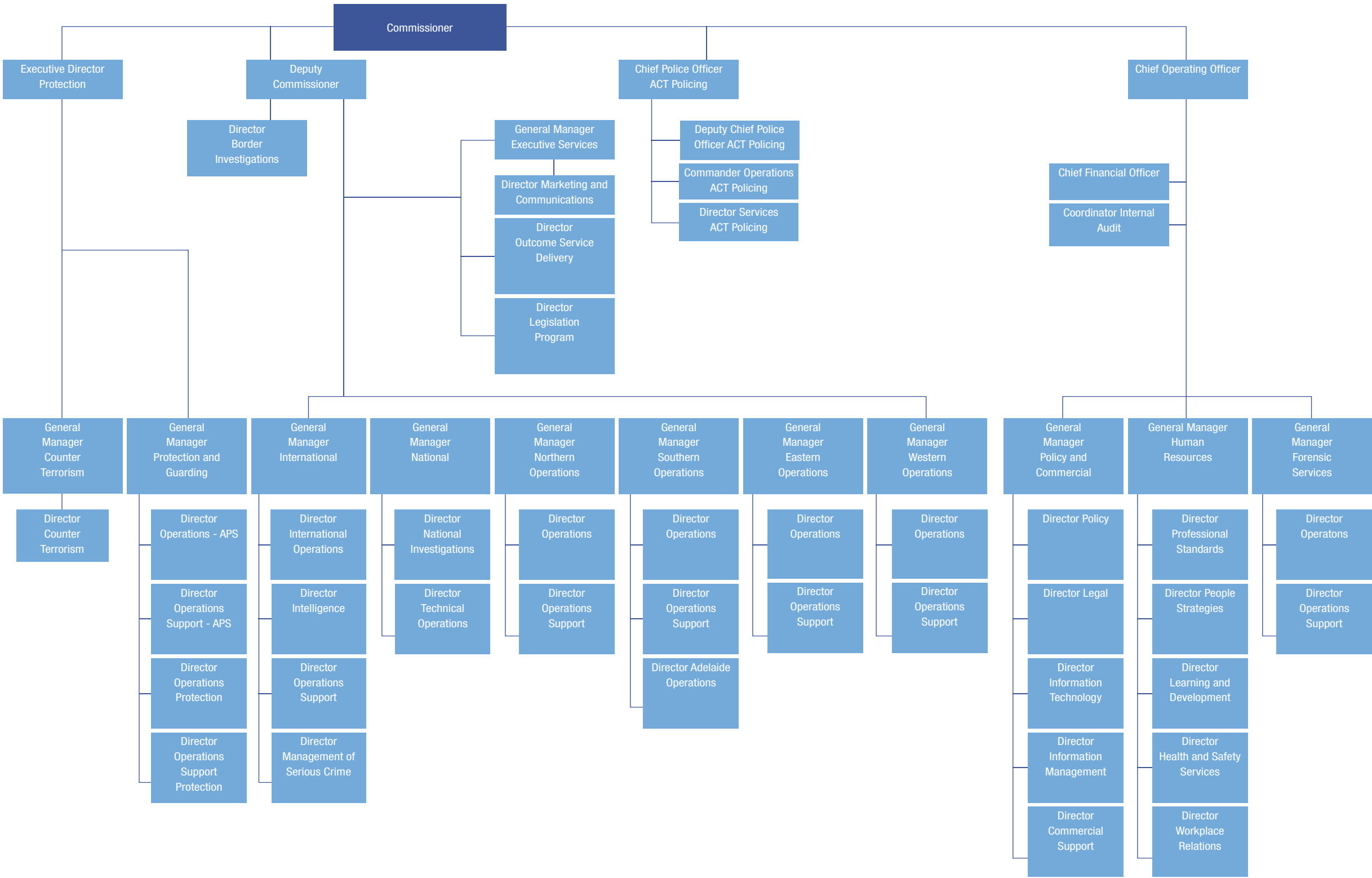
CHART 1: THE AFP'S EXECUTIVE AND MANAGERIAL STRUCTURE AT 30 JUNE 2003



CHAPTER 01 – INTRODUCTION

ORGANISATION CHART

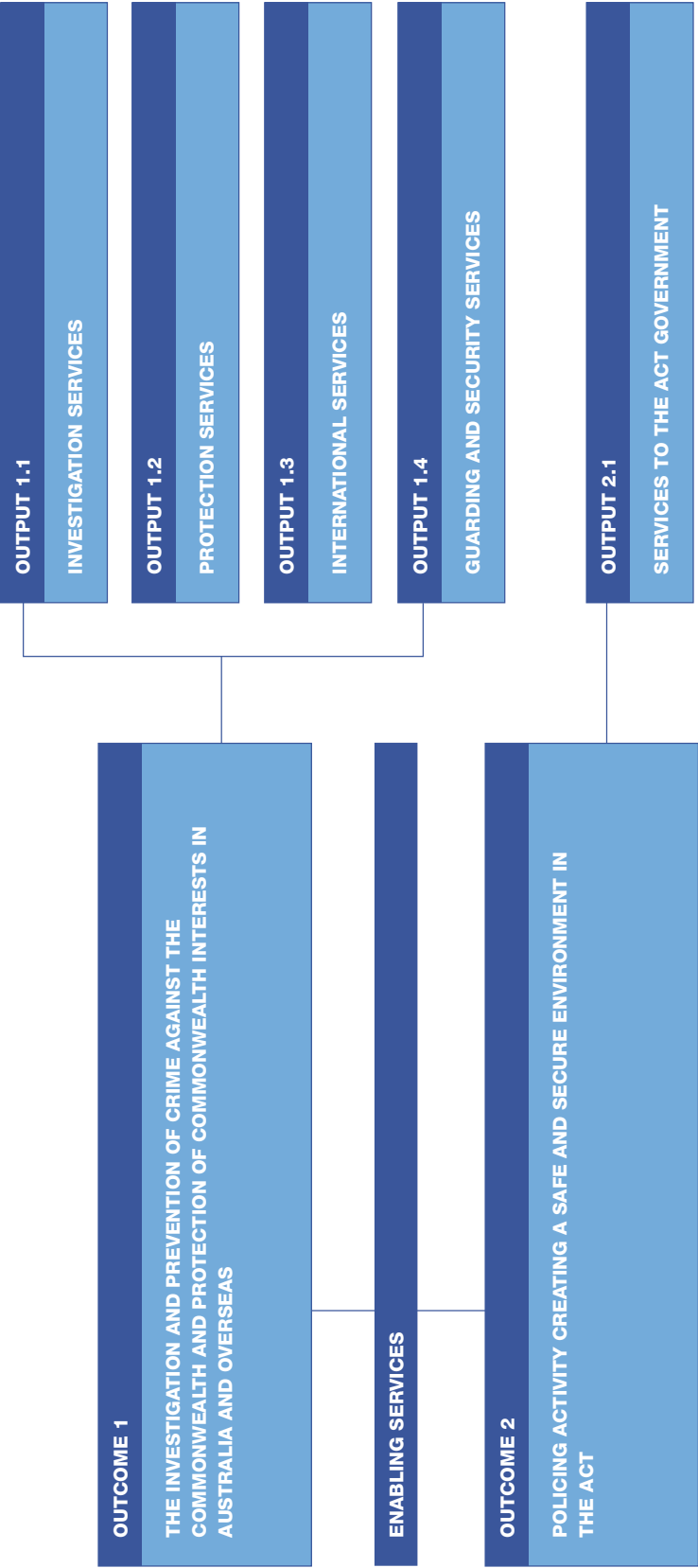
CHART 2: THE AFP'S ORGANISATION CHART AT 30 JUNE 2003



CHAPTER 01 – INTRODUCTION

OUTCOMES AND OUTPUTS

CHART 3: THE AFP'S OUTCOMES AND OUTPUTS STRUCTURE FOR 2002-03



CHAPTER 02

THE BALI BOMBINGS

CHAPTER 02 – THE BALI BOMBINGS



OVERVIEW

The Australian law enforcement response to the Bali bombings is one of the most significant operations ever undertaken by Australian law enforcement agencies. Led by the AFP, the operation was, on one level, a multi-jurisdictional response by Commonwealth, State and Territory law enforcement agencies. State and Territory police services all played a major role in ensuring the response from Australia was comprehensive and coordinated. On another level, the operation involved a multi-national response including agencies from Indonesia, the UK, France, Germany, New Zealand and the USA. As many as 10 countries have been represented as part of the forward command post. The response to the bombings required the involvement and coordination of several key policing disciplines including investigation, intelligence, Disaster Victim Identification (DVI) and specialty identification, forensic investigations, bomb data and family liaison functions.

The Bali bombings represented a watershed in AFP and Indonesian National Police (INP) relations, culminating in the signing of a joint investigations agreement between the two organisations by Commissioner Keelty and General Da'i Bachtiar on 18 October 2002. This agreement was underpinned by an MOU between Indonesia and Australia on combatting transnational crime and developing police cooperation, signed in June 2002 by the INP and the AFP on behalf of Indonesia and Australia.

The primary focus of AFP involvement in the Bali bombings has been in supporting the successful investigation by the INP. By 30 June 2003, 29 suspects had been brought before the Indonesian legal system to answer charges relating either directly or indirectly to the bombings and related acts. A further five suspects have been detained while briefs of evidence were prepared.

At the height of the investigation, approximately 500 AFP members were deployed on matters relating to the bombings, with approximately 400 of these in Australia.

With several critical suspects still not detained, the INP and the AFP continue to work closely together in critical areas including intelligence, investigations, technical operations and capacity building to bring all those responsible to justice. The AFP continues to make a significant commitment of our resources to the investigation of the Bali bombings, with approximately 35 members, including five APS members, deployed on a rotating basis in Indonesia. Approximately 12 members are currently dedicated to Bali bombings-related activities in Australia.

The success of the operation to date has demonstrated the INP's outstanding achievements, which was assisted by the immediate, comprehensive and coordinated Australian law enforcement response. This response should be seen as a model response by the Australian law enforcement community. Utilising most policing disciplines, the community can be well satisfied that every possible action was taken to ensure a comprehensive response to this tragedy.

CHAPTER 02 – THE BALI BOMBINGS



This response was recognised by the Prime Minister, the Hon John Howard, when he stated on 26 November 2002:

“...Can I also take the opportunity ... in the presence of the Commissioner of the Australian Federal Police, to say to you, Commissioner, on behalf of the entire nation what a magnificent job your officers are doing in the investigation into the Bali atrocity. We read everyday of developments ... I want to express our gratitude. It is obvious that there's been fantastic cooperation between your officers and the officers of the State police forces under your leadership and the Indonesian Police. We all hope that those responsible are brought to justice and we're all deeply grateful for the superbly professional way in which your officers have gone about that work. And you have the respect and the gratitude of all of the Australian people”¹.

THE TERRORIST ACT

On 12 October 2002 at 11.15 p.m. (Bali time), three explosions rocked the resort island. The first device detonated in Paddy's Bar located on Jalan Legian, Kuta. Shortly after, a second and more powerful device located in a van parked nearby and adjacent to the popular Sari Club exploded, inflicting further casualties. The third device detonated near the US Consulate in Renon, a suburb of Denpasar, the capital of Bali.

The devastating effect of the bombings resulted in more than 421 people reported missing. In the ensuing months, it was confirmed that 202 people died in these blasts including 88 Australians.

THE RESPONSE

The AFP response to the crime was swift. By 2am on 13 October 2002, members of the public began contacting the AFP's National Assessment Centre to report information about explosions in Bali. Within 40 minutes of the calls being received by the National Assessment Centre, two of the AFP's liaison officers stationed in Indonesia (both of whom were in Bali) were investigating the origins of the blasts.

It was soon ascertained that at least two off-duty AFP members and a number of State and Territory police officers from the United Nations Mission in Support of East Timor (UNMISET) were near the bombings at the time. It was later established that two AFP members and a number of other State police officers were injured in the blasts.

By 6.30am on 13 October, the AFP Incident Coordination Centre (ICC) in Canberra had been activated, followed by Major Incident Rooms in each capital city.

The AFP had a major role in the coordinated whole-of-government response headed by the Department of Foreign Affairs and Trade (DFAT). Later that morning, General Da'i Bachtiar accepted an offer of support from Commissioner Keelty and the AFP operation formally commenced.

An Australian Government delegation visited Indonesia two days after the bombing to seek agreement with Indonesia for a joint investigation.

¹ Address to the Commissioning of the Melbourne Container Examination Facility, Melbourne, 26 November 2002 at <http://www.pm.gov.au/news/speeches/2002/speech2007.htm>

CHAPTER 02 – THE BALI BOMBINGS



A small assessment team led by Federal Agent (F/A) Graham Ashton (General Manager Southern Operations) was identified and deployed. This team included investigators, intelligence, crime scene and DVI officers. The team was transported directly from Canberra to Denpasar by the Australian Defence Force (ADF) and joined other AFP officers already in Bali. Close liaison continued between the AFP and the ADF to move personnel and materials to Denpasar. This enabled the AFP to scale the response to Bali very quickly.

The AFP members in Bali established a forward command post and commenced a massive operation to debrief the thousands of visitors expected to depart immediately from Denpasar Airport. This program successfully identified more than 7,300 people.

Each person was provided with a document to complete during the journey to Australia. On arrival, teams of AFP and State and Territory police identified people with relevant knowledge and obtained witness statements and other critical evidence such as films and video footage. More than 600 witness statements were obtained from this process.

Hospital liaison teams were formed to track the location of critically injured victims through the Australian medical system. These people were able to provide investigators with important evidence and accounts of the events of 12 October.

FORENSIC INVESTIGATION

A Forensic Major Incident Room was established at the AFP laboratories at the Weston Complex (ACT) to coordinate the Australian forensic response to the bombings. In Bali, the AFP utilised mobile forensic capability to support the operation and established within the forward command post facilities for crime scene investigation, bomb data analysis, post-blast analysis, chemical/physical enhancement, fingerprint comparison, digital imaging and photograph production. These facilities provided invaluable preliminary results for investigators and significantly reduced turnaround time for results to be processed.

The Forensic Major Incident Room was responsible for establishing the Interpol international protocol on DVI on site. This protocol provides a standard for body identification in mass casualty incidents and specifies a five-step process to ensure identification is carried out in a systematic and comprehensive manner. This ensures that bodies are not identified on simple visual identification alone.

A major operation was then undertaken to identify all victims of the attacks. This involved hundreds of post-mortem examinations being conducted in Bali, in addition to many more ante-mortem collections in Indonesia and Australia. The DVI teams were supported by pathologists, radiologists and odontologists in the identification process. Many of the professionals came from private practice and the ADF. Close cooperation with DFAT and independent contractors ensured that the DVI process was completed on 14 February 2003. An emergency amendment to the Crimes Act 1914 passed on 23 October 2002 enabled the use of Crim-Trac systems to compare deoxyribonucleic acid (DNA)

CHAPTER 02 – THE BALI BOMBINGS



samples obtained in Bali and Australia. This assisted in timely comparisons in this essential process. The Forensic Major Incident Room coordinated the activities of more than 200 Australian Federal, State and Territory police and medical and coronial personnel in Bali. This does not include personnel who travelled to Bali independently. Many more were involved in supporting the DVI process in Australia.

The forensic teams examined 46 separate crime scenes across Bali, Java and Sulawesi and also conducted several examinations in Australia. Over 2,900 forensic exhibits and samples have been obtained in this process.

A small ceremony took place in Bali on 2 March 2003 to commemorate the finalisation of the identification process. During this quiet ceremony, attended by AFP representatives, the last unidentified remains were cremated by Balinese authorities and the ashes scattered in the ocean.

THE INVESTIGATION

With the support of forensic examination, the investigation progressed quickly. This led to the arrest by the INP of the first suspect, Amrozi bin Nurhasyim (Amrozi), on 5 November 2002 and the subsequent identification of other suspects. A second joint INP and AFP investigation team was formed to pursue the remaining suspects. This led to the arrest of Imam Samudra and a number of other suspects on 21 November 2002. This was followed by the arrests of Ali Ghufron (Muklas) on 4 December 2002 and Ali Imron on 12 January 2003.

The AFP has been assisting in the preparation of evidence for the trials that commenced in Denpasar on 12 May 2003. By 30 June 2003, 29 suspects had been brought before the Indonesian legal system to answer charges relating either directly or indirectly to the bombings and related acts. A further five suspects have been detained pending preparation of briefs of evidence. One person was sentenced to seven months imprisonment by a court in Surabaya for selling chemicals, contrary to Indonesian law, to one of the suspects.

AFP involvement in the investigation of the bombings is continuing with substantial support now being provided by a joint Financial Investigation Team (FIT) and the AFP's High Tech Crime Team. These efforts have also been supported internationally with officers from the Federal Bureau of Investigation (FBI), German Bundeskriminalamt and Dutch National Police all joining the investigation team in Australia.

The Metropolitan Police Anti-Terrorist Branch has provided considerable assistance to the AFP with regard to the Bali bombings. The AFP and the Metropolitan Police signed a joint investigation agreement and the Metropolitan Police sent investigators to Canberra to provide investigative support and advice to the operation.

CHAPTER 02 – THE BALI BOMBINGS



FAMILY LIAISON OFFICERS

To support the survivors, witnesses and families of the victims, the AFP introduced a Family Liaison Program. Based on the successful program run in the UK, a number of AFP officers were trained using UK expertise.

The aim of the program is to establish and maintain effective communication with the survivors, witnesses and families of victims of serious crime where the AFP is involved in an investigative or coordinating capacity. Information sessions were conducted around Australia to communicate directly with survivors and families affected by the Bali bombings.

Feedback from survivors and families who attended these sessions has been exceptionally favourable:

“Please pass on our sincere thanks to ALL Federal Police, not only at the presentation but to any involved in the Bali investigation, I realise that it will be hundreds, if not more ... We appreciate what a difficult and time consuming task you are all having to cope with – your results speak for themselves. Please know that the Australian public is grateful for the massive effort being put in. ... Again, very sincere thanks.”

The family liaison officers have provided an avenue for the flow of information to the next of kin and seriously injured victims of the Bali bombings. This has involved personal calls, group meetings and more recently, a regular update via the AFP Web site during the course of the trials.

A number of family liaison officers have been deployed to Bali to assist in facilitating the victims and next of kin who chose to travel to Bali to attend the trials. The family liaison officers ensured access to the court when required, explained the processes and conduct of the hearing (through dedicated interpreters) and provided assistance to the next of kin. The feedback on this program has been extremely positive and the AFP plans to make the family liaison officer program a permanent feature of its counter-terrorism training schedule.

CHAPTER 02 – THE BALI BOMBINGS

‘I AM GOING TO DIE HERE ...’
BALI – A PERSONAL ACCOUNT

Among the great strengths of the AFP are its people. F/A Nicole Haigh is one of those.

She tells the harrowing story of the Bali bombings, summing up in a unique way, the courage, the strength, the loyalty and the commitment of her colleagues, Nicolle herself and those around her during the horrific event and the days which followed.

This article is reproduced with Nicolle's permission.

‘I AM GOING TO DIE HERE...’

I arrived in Bali just after 2.00 p.m. on 11 October after completing almost two months of a six-month deployment in East Timor (now Timor Leste).

On Saturday afternoon, Anthony, a friend, and I found Federal Agents Tim Fisher and Frank Morgan, who had been in my detachment in East Timor (Timor Leste), and we agreed to have dinner.

Tim, Anthony and I decided to go out for a while after dinner, and arrived at the Sari Club about 10.30 p.m. We were sitting in a terraced area at the front of the club near a group of young people, mainly footballers.

When they headed to the dance floor, Tim, Anthony and I moved to the smaller table. I don't know how long we had been sitting there before the blast went off but it was only a short time.

The Sari Club was quite crowded, with a lot of mixed age groups. Everyone was having a great night out. I'm not sure what time the first blast happened, but it was around 11.00 p.m. and came from across the road.

I remember looking back towards Tim and Anthony who had also turned to see what was going on and saying, 'What the hell was ...'. Then all I remember was a huge ball of force coming towards us. I've been told that there was about 45 seconds between explosions but it felt like 10 seconds.

One moment I was talking to friends and the next was like being in a war zone. I'm not sure if I was knocked unconscious, but the time between the second blast and my being aware that I was on my back looking up to the sky went really quickly.

A thatched table roof was burning, where our small table had been. I couldn't see Tim or Anthony. My first thought was 'What the hell is going on?' and my second was 'I'm going to die here'.

I didn't know why I couldn't get straight up but remember calling out for help. I heard someone yell back that they couldn't. Defiance took over and the little voice inside my head screamed at me to get up and get the hell out of there.

I could see people going over the side wall that would eventually be my escape to freedom. I remember a man going over the wall and I couldn't get over the fact that he was naked. I remember the heat of the fire burning my skin and the total destruction around me but everything was eerily quiet. I remember pulling sheets of tin across my body and kicking them towards the fire. I crawled out from under the tin but couldn't get around the debris to get to the front of the club.

CHAPTER 02 – THE BALI BOMBINGS

‘I AM GOING TO DIE HERE ...’ BALI – A PERSONAL ACCOUNT

I took a few steps towards the wall and, as I reached up, noticed my hands were badly burnt. I grabbed the top of the wall and tried to pull myself over but it was too high. I climbed up some debris, pulled myself to the top of the wall and looked in towards the club. It looked nothing like when we had arrived a half-hour earlier. I don't know the words to describe it. I still couldn't see Tim and Anthony and was thinking the worst.

I remember someone helping me down the other side of the wall. There were small walkways located between the buildings and I followed people through them, which led us out onto some back streets.

I remember people saying a gas pipe had exploded and all I could think was 'No, it was a bomb. I didn't cry or feel any pain; I couldn't believe what had happened.

I remember a group of guys running towards us with flashlights, yelling for people to come their way. Others were saying they were going to see what happened. One of the guys with a flashlight shone it on me and all he could say was 'Holy shit'. He told me to come with them and they would get me to the hospital. I told them that I had to go the Masa Hotel to find Frank. They won.

As they walked me through the streets, they kept me talking about different things. I remember thinking that my right foot was really wet and slippery in my shoe. Later I found out this was because of the burns to my right leg.

We eventually walked out to what looked like a major intersection but it was hard to tell without lights. Along

the way everything looked grey, like it was covered in ash; building windows had been shattered – it looked like a war zone.

At the intersection the guys met some locals on mopeds and asked one of them to take me to the hospital. I was helped onto the back of a moped and one of the guys yelled that they would be right behind me.

I was on the bike for about five or 10 minutes but it felt like a lifetime. I didn't think I would make it but we finally arrived.

I don't remember the name of the medical centre where I was helped from the bike and taken inside. There were only about four other patients there and I was put on a bed with a saline drip in my arm.

The centre started to fill with people. There were only a small number of examination beds, so people were being put on the floor. I was there for a couple of hours and, by the time I was moved to another section, the floor was covered with injured.

I saw people angry and unbelieving about what had happened. I will never forget the cries of one of the men on the floor near me, tormented by the loss of his wife and two teenage daughters. I don't know whether he found his family.

But I will also remember strangers who came over to ask how I was doing and if they could get anything. I asked people to see if they could find anyone by the name of Anthony or Tim but they couldn't. I lay there thinking about them and hoping they had made it out alive and hoping that news had not yet reached home.

An Australian lady, and later a guy called George, asked if they could do anything. I gave the woman Frank's name and the name of the Masa Hotel to see

CHAPTER 02 – THE BALI BOMBINGS

‘I AM GOING TO DIE HERE ...’ BALI – A PERSONAL ACCOUNT

if she could get a message to him. I asked George to contact the AFP and let them know I was okay. He said he didn't have any credit on his phone and was

unable to do it till the next morning. I asked both of them to keep an eye out for Tim and Anthony.

What little medication and pain relief available was given to the most severely injured. After an attempt at cleaning up my hands and cutting away some of the dead skin, I was taken to rooms at the back of the clinic with a sick local boy, surrounded by his family.

I don't know how long I stayed there but I heard someone calling out for Australians, trying to get us all in one place. I managed to get through the language barrier with the locals in my room and I was moved in the back of a ute to Denpasar Hospital.

I remember lying in the back of the ute as it sped through the streets of Bali, holding my hands in the air as they hurt too much to have them resting on anything but the wind was just as bad. The man lying next to me had burns to his back.

It was chaos in the hospital emergency room. There were injured all over the place and people with varying degrees of medical education treating them.

I was near the front doors where locals were standing, watching the events unfold. I had about five people around me trying to find a vein to insert another needle. My pain threshold was reaching its limit and I screamed at them to stop.

One of the nurses at my left foot said in her limited English that she had found one. I told her that they had one go; if it didn't work, I wasn't going through any more. Thankfully, it went in.

While all this was happening, people were coming around and asking our names to put on a list but, in the confusion, I was not sure I had made it on to any list at all.

I was eventually moved to a ward where they attempted to clean me up a little more and I had my clothes cut off. It was not long before the sun came up.

They kept telling me to sleep but I couldn't. I was lying in a dirty bed with flies buzzing around my open wounds. Locals kept walking through the ward stopping and looking at the injured. The lady I had asked to get a message to Frank came and went numerous times. She said she hadn't been able to find him but had left a message for him.

George also came and went. He told me he had managed to get through to someone in the AFP and I waited, watching as each person came into the ward. No one had seen Tim or Anthony on any of the lists around the hospital.

I thought of how proud I was to be an Australian – so many of them got in to help out.

On Sunday afternoon I saw Frank Morgan walk through the ward doors. I could only follow him with my eyes, which he later told me was the only way he could tell it was me. I had never been so glad to see anyone in my life. When he told me Tim and Anthony were okay, I felt more at peace and restful. Then all I wanted to do was to get home to Australia.

My right arm had been swelling all afternoon. AFP members were trying to get me evacuated and it was decided my arm needed to be cut open from shoulder to wrist, with small incisions on my hand.

I owe my courage to Frank Morgan. I don't know if I could have gone through it without him. I will never

CHAPTER 02 – THE BALI BOMBINGS

‘I AM GOING TO DIE HERE ...’ BALI – A PERSONAL ACCOUNT

forget him pinning me to the bed and making me look him in the eyes as the doctor sliced through my arm and hand with a razor blade and nothing for the pain.

You hear about heroes pulling people out of the bomb-sites but, for me, the heroes were the ones who raced around tirelessly in the hospitals making sure we were okay and trying to help in any way they could.

Frank stayed for as long as he could but eventually had to leave to organise things for Tim and Anthony. I was left in the hands of Bill and Ian, two Perth AFP officers I had not met before. They stayed by my side until Monday morning when I was evacuated.

On Sunday afternoon, Australian Defence Force members came to take us home. I can't describe the emotions I felt; it was the first time I had felt safe since the bomb went off.

I remember Trent Mongan, a paramedic, introducing himself and his wife as he took charge, trying to get the injured cleaned up and organising pain relief.

Then it was a waiting game – but I was able to rest. I arrived at Darwin hospital on Monday afternoon and was moved to Royal Brisbane Hospital the following morning where I spent the next month.

I shall never forget people coming onto the plane in both Darwin and Brisbane asking if I worked for the AFP and saying there were people on the tarmac waiting to see me.

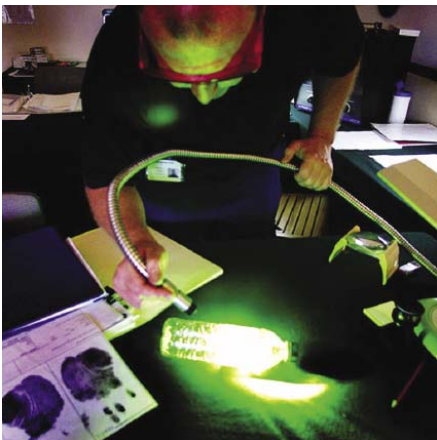
Bali has been a life-changing experience. I have seen the best brought out in people and thank them for their tireless support.

Federal Agent Tim Fisher was the other AFP staff member injured in the Bali blasts. His account is now part of an oral history maintained by the AFP Museum on the bombings.

CHAPTER 03

PERFORMANCE REPORTING

CHAPTER 03 – PERFORMANCE REPORTING



OUTCOME 1:
NATIONAL AND
INTERNATIONAL FOCUS

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

- > the investigation and prevention of crime against
the Commonwealth and protection of Common-
wealth interests in Australia and overseas.

OUTPUTS

The AFP produces four outputs that contribute to
Outcome 1.

1. [Investigation Services](#) through which the AFP
provides the Commonwealth with a flexible, reac-
tive 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.
3. [International Services](#) through which the AFP
supports the Commonwealth Government's
international responsibilities by providing a range
of law enforcement services.
4. [Guarding and Security Services](#) through which
the AFP provides a range of user-pays guarding
and related security services consistent with the
Government's interests.

CHAPTER 03 – PERFORMANCE REPORTING

FUNDING

TABLE A: FUNDING FOR OUTCOME 1

OUTCOME 1

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

Total price: \$475.773 million
Departmental output appropriation: \$383.400 million

OUTPUT 1.1

[Investigation Services](#)

Total price: \$244.406 million
Appropriation: \$231.287 million

OUTPUT 1.2

[Protection Services](#)

Total price: \$69.352 million
Appropriation: \$63.422 million

OUTPUT 1.3

[International Services](#)

Total price: \$59.157 million
Appropriation: \$57.062 million

OUTPUT 1.4

[Guarding and Security Services](#)

Total price: \$102.857 million
Appropriation: \$31.629 million

CHAPTER 03 – PERFORMANCE REPORTING

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 of major concern to the Government;
- > protect the integrity of national economic and social institutions and the environment;
- > ensure there is a national response where criminal activity impinges on national security and/or is of a trans-jurisdictional character; and
- > provide community policing services to the Commonwealth's External Territories.

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.

COOPERATIVE ARRANGEMENTS

As this report clearly demonstrates, in 2002-03 the AFP operated in a heightened security and counter-terrorism environment, both in Australia and overseas, and in an environment of increased government and community expectations that the AFP would not only monitor terrorist activities but also disrupt them and bring those involved in these activities before the courts.

In responding to this operating environment, the AFP drew heavily on its International Network through which it has become well integrated into the region over the past years. The AFP's longstanding relationships with law enforcement agencies across the region have been the cornerstone of much of the AFP's success. For many years, the AFP has conducted joint

investigations and shared intelligence in the region on issues as diverse as drug trafficking, money laundering, child sex tourism, fraud and people smuggling. It is these longstanding relationships that have enabled the AFP to work cooperatively with neighbours on terrorism issues.

A pertinent and poignant example is that in June 2002, just four months prior to the Bali bombings, Indonesia and Australia signed an MOU which provided for ongoing law enforcement collaboration in preventing, detecting, disrupting and dismantling transnational criminal activities impacting on either or both countries. There is no doubt that the existence of this MOU had an impact on the swiftness with which arrangements were made for a joint Indonesian-Australian investigation into the Bali bombings. To date, investigators from five countries have joined the INP and the AFP in investigating the Bali bombings – an unprecedented occurrence in this region. Similarly many countries are interested in the Australian experience in terrorism, with several officers from Germany, the Netherlands, the UK and the USA now working in Australia with the AFP on terrorism and other transnational crime issues.

For Australia to respond to terrorism effectively within its own borders, there must be efficient coordination and close cooperation between the Commonwealth and State and Territory law enforcement agencies. In 2002-03, this cooperation and collaboration has been evidenced by such activities as the reform of the National Counter-Terrorism Plan and the formation with all State and Territory police services, of Joint Counter-Terrorism Teams (JCTT). These teams, consisting of Federal Agents and their State/Territory counterparts, will investigate suspect terrorist activity with the focus of arresting and prosecuting those found to be involved or supporting terrorist activities in Australia or overseas.

Since the Bali bombings, the AFP has forged links with agencies that were not traditional partners of the AFP and has re-focused on existing relationships. New partnerships have been formed and working relationships developed to a point previously unheard of in the law enforcement and intelligence communities. For example, the ADF has become a key partner for the AFP in terrorism-related matters, with the ADF playing a key logistic support role in transporting people and material to Bali within critical time frames.

CHAPTER 03 – PERFORMANCE REPORTING

The review of events since September 11 2001 has also highlighted the need for coordination, not only between agencies but also within an agency. Transnational crime tends to rely upon aspects of human nature which are classified, segregated and dealt with on an individual basis. To prevent the stovepiping of information and resultant analysis, in 2002-03 the AFP established the Transnational Crime Coordination Centre (TCCC). Further details of the Centre and AFP cooperative arrangements can be found throughout this report.

INTELLIGENCE

INTELLIGENCE COLLECTION

The AFP's crime management strategies (reported on in last year's Annual report) continue to respond to high impact crime problems confronting Australia. These strategies are fundamental to the whole of AFP responses, particularly intelligence and operational activities, and assist in determining operational resource allocations and operational decision making. The national intelligence collection priorities interface with the broader crime management strategies by highlighting strategic needs and reporting on tactical issues. By using intelligence to review the crime management strategies, the AFP ensures that AFP investigational and financial resources are focused on the highest national and international law enforcement priorities consistent with our business planning. This approach has supported the development of a new crime management strategy on counter-terrorism, which further reinforces the AFP's commitment to global cooperation in law enforcement. This crime management strategy is expected to be ratified early in 2003-04.

AFP intelligence processes are knowledge- and project-driven and are directed towards delivering intelligence outputs that address identified gaps in corporate knowledge, simultaneously supporting decision making at all levels of operational activity. National intelligence collection priorities are determined annually by the Transnational Crime Management Team (TCMT) and are directly related to the AFP's annual Transnational Crime Assessment. National intelligence collection priorities for 2002-03 include counter-terrorism, heroin, cocaine, ATS, high tech crime, people smuggling, economic crime, environmental crime and transnational sexual offences. There is also a capacity to deal with emerging issues.

The Transnational Crime Assessment is an analysis of intelligence reporting from all of the AFP's intelligence collection assets including intelligence projects that have been conducted throughout the previous financial year. All intelligence projects have both strategic and tactical objectives and many are multi-jurisdictional in nature, drawing on resources in AFP Headquarters and the local business units. The assessment also provides indicators that can be applied to internal processes, such as the threat matrix which assists in identifying intelligence gaps, hence providing a strong strategic focus for the targeting of law enforcement efforts.

Program Axiom – the AFP's undercover policing program – obtained \$21.4 million in new measures funding for four years commencing with the 2002-03 financial year. This funding has provided the opportunity to further develop and implement a best practice undercover program that delivers the most effective investigative support tool to the AFP.

The funding for 2002-03 of \$4.538 million has enabled the building of a personnel infrastructure most aligned to current AFP operational requirements. Program Axiom now has full-time overt personnel providing a proactive interface with management and full-time covert personnel providing long-term infiltration and intelligence collection. Strategic gaps identified in the AFP intelligence framework are the focus of the intelligence collection across a range of crime management strategies and national intelligence collection priorities. Expenditure of \$3.388 million has been incurred in 2002-03, with a further \$896,675 expended on capital.

A team of part-time covert Program Axiom personnel is readily deployable across a range of investigative tasks and crime types, including high tech crime, economic crime, money laundering, illicit drugs, counter-terrorism, people smuggling and corruption, in support of AFP Outcome 1 and Outcome 2. A team of support personnel has also been established, providing administrative and operational services to front-line deployable human resources and has value-added benefits to stakeholders, client agencies and AFP international partners. The operational components of this personnel structure have provided solid performance results over the reporting period, improving the AFP's strategic and tactical intelligence base as well as enabling high quality evidentiary outcomes.

CHAPTER 03 – PERFORMANCE REPORTING

Program Axiom requires an infrastructure base to perform operational duties in an environment unlike any other AFP business unit. In 2002-03, Program Axiom has researched, developed and acquired equipment and infrastructure that has permitted the most effective outcomes to be delivered. Some of this acquisition was conducted through the auspices of the AFP Science and Technology Steering Committee (STSC) infrastructure funding.

INTELLIGENCE REVIEW

In April 2002, a review of AFP intelligence commenced to ascertain: the performance of AFP intelligence; the level of customer satisfaction; the degree of redundancy in existing activities; and the best intelligence processes and governance frameworks for a new intelligence structure.

The model adopted as a result of the review supports streamlined processes that unify the efforts of intelligence teams across the AFP and provide for centralised coordination and convergence on trends and organised crime targets. At the same time, the model supports decentralised decision making on active intelligence projects. Intelligence targeting projects are now subjected to the same evaluation process which applies to all operational matters – that is, evaluation in accordance with the Case Categorisation and Prioritisation Model (CCPM) (more information on the model is provided later in this chapter). A significant portion of AFP intelligence work incorporates value-adding to existing incoming information by conducting long-term investigations (so-called ‘warm’ targeting). The AFP also undertakes projects which seek to fill gaps in corporate knowledge about the criminal environment and identify targets from this strategic understanding (so-called ‘cold’ targeting).

INTELLIGENCE FRAMEWORK

The TCCC, launched by the Minister for Justice and Customs, the Hon. Senator Chris Ellison on 11 December 2002, includes an intelligence component to support and coordinate the AFP’s intelligence activities. This component comprises three areas – National Targeting, Publications, and Collection and Liaison.

National Targeting has three primary responsibilities: to coordinate AFP intelligence projects conducted across the organisation; to monitor AFP intelligence and operational activities to identify convergence; and to provide a ‘one-stop-shop’ for corporate knowledge

on the AFP’s national intelligence collection priorities. There are 10 teams within National Targeting covering the national intelligence collection priorities and one team dedicated to emerging issues. The Publications team provides a central point to ensure timely and appropriate dissemination of intelligence product and coordinates the AFP’s national intelligence requirements, such as the production of the Transnational Crime Assessment.

The Collection and Liaison Team is responsible for the various facets of intelligence coordination, collection and liaison across the AFP and with relevant external partners. Analysts throughout the AFP can be deployed to support corporate intelligence projects, local intelligence needs or operations. The TCCC intelligence function is supported by the local business unit intelligence teams. These teams comprise an intelligence development component, a human source handling component and an analytical capability. Intelligence development teams undertake both ‘cold’ and ‘warm’ targeting and service corporate intelligence projects, as well as long-term investigations. Information coming into the AFP from various sources is checked, evaluated and prioritised by these teams for possible targeting opportunities.

The focus during 2002-03 has been to support the AFP’s counter-terrorism activities with a number of intelligence officers and analysts being deployed overseas, as well as locally. The TCCC also coordinates a team which focuses on the AFP’s receipt and assessment of all National Security Hotline reports. These reports are received from the Protective Security Coordination Centre (PSCC) and are uploaded to the Police Real-time Online Management Information System (PROMIS, the AFP’s single point of entry operational database) for further assessment and development if required.

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COUNTER-TERRORISM

As noted in section 1.3, in April 2003 the portfolio of counter-terrorism was created, as the first in a series of incremental changes towards a more functional business focused structure. In creating this portfolio, headed by a General Manager, counter-terrorism has now been aligned with AFP protection functions, to improve the AFP’s ability to provide a coordinated and effective preventative and proactive response to national security threats.

NATIONAL FRAMEWORK

Following the Leaders’ Summit on Terrorism and Multi-Jurisdictional Crime in April 2002, the Commonwealth Government took strategic control of national terrorist incidents to ensure a coordinated, consultative and effective response at a national level. The AFP and the APS have specific responsibilities in relation to terrorist offences. The AFP investigates Commonwealth terrorist offences, provides overseas liaison and protective services and its Australian Bomb Data Centre (ABDC) collects data and advises on the illegal use of explosives. The APS provides physical protection services in relation to foreign embassies and certain government facilities and Counter-Terrorism First-Response (CTFR) at major airports.

During the reporting period, the AFP continued to work very closely with other government departments and agencies on counter-terrorism activities, including the Attorney-General’s Department, the PSCC, the Australian Security Intelligence Organisation (ASIO), the Department of Defence (Defence) and DFAT. The AFP has a full-time seconded officer within the ASIO-hosted Joint Counter-Terrorism Intelligence Coordination Unit to facilitate the appropriate exchange of counter-terrorism information and intelligence. Similarly, an ASIO officer has been attached to the AFP’s TCCC for information sharing.

In 2002-03, the AFP participated in the two meetings of the National Counter-Terrorism Committee (NCTC), the primary body for developing Australia’s national counter-terrorism arrangements. The NCTC, which replaces the Standing Advisory Committee on Commonwealth-State Cooperation for Protection Against Violence, met for the first time in November 2002.

As part of its responsibilities, the NCTC oversees a

regime of training exercises to ensure that all jurisdictions and counter-terrorism-related agencies are able to meet the challenges which have emerged from the attacks in the USA and Bali. On 18-20 March 2003, the AFP participated in Operation Raw Horizon in Western Australia (WA), and from 27-29 May 2003, the AFP and the APS participated in Operation New Deal under the auspices of the NCTC. These operational exercises seek to test: strategic decision making focusing on a national terrorist situation; integration of prevention, crisis and consequence management arrangements; multi-jurisdictional considerations and interagency operability; and escalation of threat effects. While Operation ‘New Deal’ focused primarily on the ACT Policing response, it also involved many other facets of the AFP and APS.

The AFP is a member of the Counter-Terrorism (Overseas) Response Group (CTORG), chaired by DFAT, and includes Commonwealth agencies responsible for responding to overseas terrorist incidents posing a threat to Australians or Australia’s interests or leading to requests for assistance from a foreign government. CTORG is organising and planning training exercises with national and international agencies. The AFP’s participation in these exercises later in 2003 will further enhance its ability to respond to offshore terrorist incidents.

As part of Australia’s National Security Campaign, a National Security Hotline has been set up by the PSCC to receive information from members of the community who wish to report an activity they feel may be relevant to national security and warrant further investigation. Following the agreement of all State and Territory Police Commissioners in January 2003, the AFP receives copies of all Hotline reports for assessment and possible further action. As of 30 June 2003, the AFP had received 6,562 referrals from the Hotline, with follow-up action resulting in 1,308 referrals to areas of the AFP.

The AFP has actively engaged the new Australian Ambassador for Counter-Terrorism since this appointment in March 2003. The Ambassador is responsible for coordinating the international counter-terrorism initiatives of government agencies and has a key role in facilitating operational-level cooperation between Australian agencies and their overseas counterparts on terrorism-related issues. As a consequence of the Bali bombings, the AFP introduced a Family Liaison Program.

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Further details of the Program can be found in Chapter 2.

LEGISLATIVE FRAMEWORK

The AFP's ability to provide an effective law enforcement response to threats against Australia's domestic security depends on the legislative framework through which it operates. The Commonwealth Government has responded to the increased threat of terrorism by introducing a comprehensive legislative regime around counter-terrorism and cross-jurisdictional offences. These laws include the [Criminal Code Amendment \(Suppression of Terrorist Bombings\) Act 2002](#) (assented to on 2 July 2002), the [Security Legislation Amendment \(Terrorism\) Act 2002](#) (enacted on 6 July 2002), the [Suppression of Financing of Terrorism Act 2002](#) (enacted on 6 July 2002), and the [Criminal Code Amendment \(Offences against Australians\) Act 2002](#) (assented to on 14 November 2002). This legislative regime creates a number of offences in relation to terrorist acts and the financing and membership of terrorist organisations and significantly bolsters the AFP's capacity to investigate and prosecute suspected offenders. Important features of the legislation are the extraterritorial provisions. These enable the AFP to pursue investigations into elements of terrorism offences that may be committed overseas.

On 23 October 2002, an emergency amendment to the Crimes Act was passed to modify existing laws so that Commonwealth, State and Territory police services collecting samples from the relatives of those who were missing as a result of the Bali bombings could share information with the AFP through CrimTrac. This enabled efficient comparison with DNA profiles taken from the victims of the bombings. This amendment significantly expedited the victim identification process to allow the remains of the deceased to be repatriated to Australia.

INTERNATIONAL ACTIVITIES

In 2002-03, \$47 million was appropriated to the AFP over four years for the expansion of the Law Enforcement Cooperation Program (LECP). In November 2002, the AFP announced it would direct some of these funds to matters directly relevant to domestic security through three feasibility studies for new counter-terrorism liaison positions located in Kuala Lumpur (Malaysia), London and Washington. The attachment of AFP liaison officers to the Australian embassies in these locations will utilise existing close working

relationships with the Royal Malaysian Police, the UK police and US agencies.

On 18 October 2002, shortly after the bombings in Bali, the AFP signed an agreement to establish a joint team to investigate the bombings. This agreement built upon cooperative arrangements established by a June 2002 MOU between Indonesia and Australia on combatting transnational crime. In November 2002, following meetings between the AFP and the heads of law enforcement agencies in Malaysia, Singapore and Thailand, the AFP reached in-principle agreements regarding the establishment of MOUs that will enable joint investigations and exchange of information on transnational crime issues. An MOU between the AFP and the Royal Thai Police on combating transnational crime and developing police cooperation was subsequently signed on 17 June 2003. The MOUs, at police-to-police level, build on existing cooperative agreements between the countries. These are consistent with international MOUs already developed by DFAT.

Counter-terrorism issues have also been the subject of discussions during a series of visits to Australia by high ranking international law enforcement regional chiefs. These included the visit by General Da'i Bachtiar, Head of the INP, in March 2003 and Director-General Hermogenes Ebdane, Chief of the Philippines National Police, in late February 2003.

The AFP committed significant resources to taking the fight against terrorism overseas. Offshore deployments to assist international law enforcement agencies were planned and implemented throughout the financial year. The AFP deployed investigators, intelligence analysts and forensic investigators to Timor Leste, Papua New Guinea, the Philippines, Indonesia and Saudi Arabia.

Experiences during the year, particularly in Bali and the Philippines, underlined the importance of close cooperation with international law enforcement agencies, especially in information sharing and international engagement in national counter-terrorism efforts. The AFP is uniquely placed to provide a wide range of law enforcement disciplines in support of regional partners and anticipates a wider demand for these services in the medium term.

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FREEZING TERRORIST ASSETS IN AUSTRALIA

Internationally, as a result of the terrorist attacks that occurred in September 2001, there have been world-wide moves to better identify and freeze the accounts and financial assets of terrorists and their sponsors. As a result of the United Nations (UN) initiatives in this area, the Commonwealth Government continues to take action to fulfil Australia's international obligations in relation to these initiatives and to support measures implemented in the USA.

The AFP has responsibility for investigating terrorist financing and is taking a coordinating and leading role in preventing the movement of terrorist funds into and within Australia. 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.

The Charter of the United Nations (Terrorism and Dealings with Assets) Regulations 2002 was made in December 2002 and gave effect in Australia to Resolution 1373 of the Security Council of the United Nations. The AFP contributed to discussions to develop the relevant Regulations with DFAT, Treasury, AUSTRAC and the financial sector.

The Charter of the United Nations Act 1945 makes it an offence to deal with freezable assets or give an asset to a proscribed person or entity. Therefore, asset holders around Australia must freeze the assets controlled by persons or entities proscribed under the legislation.

The list of proscribed persons and entities can be found at the DFAT web site http://www.dfat.gov.au/icat/freezing_terrorist_assets.html

If it is not clear whether there is a match against the proscribed list, the AFP is the point of contact for assistance in determining whether or not an asset is owned or controlled by a proscribed person or entity. The AFP's National Assessment Centre is the first contact for asset holders requiring assistance. It can be contacted through any AFP office.

The AFP has received requests for assistance in relation to 221 possible matches. Procedural guidelines

for referring inquiries have been developed in consultation with the Australian Banking Association, financial institutions and other agencies covered under the Regulations such as the Australian Stock Exchange.

On 17-18 December 2002, members of the AFP participated in a regional conference on combating money laundering and terrorist financing in Bali, co-hosted by Indonesia and Australia. Senior officers from 31 countries from the Asia-Pacific rim participated in the conference, which reaffirmed that combating the financing of terrorism is an important part of the broader fight against terrorism, that there was a need for appropriate legislation and international cooperation and a need to identify tools to combat money laundering and terrorist financing.

JOINT COUNTER-TERRORISM TEAMS

In 2002-03, the Government provided additional funding of \$47 million over four years to double the AFP's mobile strike team capacity, providing some 100 additional members. Five million dollars, made available in 2002-03, has been directed to the establishment of JCTTs with the States and Territories police services. The AFP has developed an MOU with these police services, providing the basis for the establishment of the JCTTs. The primary objective of the Joint Counter-Terrorism Teams (JCTTs) is to investigate terrorist groups and their associates with the intention of bringing criminal prosecutions against those people for breaches of Commonwealth terrorism legislation and any other relevant Commonwealth, State and Territory criminal laws.

The JCTTs will investigate terrorism in the same manner as other transnational crimes and deploy similar resources and capabilities, using the resources currently available to AFP intelligence and the International Network. The existence of the JCTTs and their contribution to pre- and post-terrorist incident criminal investigations will form a significant part of Australia's National Counter-Terrorism Plan arrangements.

JCTTs are operational in all Australian States and Territories. The current JCTT effort consists of 47 full-time members (26 are AFP federal agents), 14 State/Territory police officers (funded by the AFP) and seven investigative support members. However, these figures may vary slightly from time to time to provide flexibility in meeting operational requirements.

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The JCTTs are physically located in AFP offices in each State and Territory.

The JCTTs are supported by an increased technical, intelligence and surveillance capacity. These teams have already completed a number of investigations throughout Australia and members of these teams have been deployed overseas on a number of occasions.

TRANSNATIONAL CRIME COORDINATION CENTRE

The Transnational Crime Coordination Centre (TCCC), opened on 11 December 2002, provides national and international law enforcement agencies with a 24-hour point of contact within Australia on transnational crime issues. The TCCC incorporates an intelligence function to assist in coordinating the AFP's response to transnational crimes and brings together investigations on terrorism, illicit drug trafficking, people smuggling, high tech crime, and proceeds of crime/money laundering financial investigations. The intelligence functions encompass National Targeting, Publications and Collection and Liaison teams. The TCCC will also seek to identify and resolve administrative and legal impediments in pursuit of criminals operating in more than one jurisdiction. The existing National Assessment Centre (a 24-hour centre which coordinates incoming operational information) has been incorporated into the centre, as well as three overseas desks which coordinate the AFP's International Network.

The TCCC includes an Incident Coordination Centre (ICC) that can be activated for any AFP operation including special events such as the Commonwealth Heads of Government Meeting, protective security activities and coordination of national or international criminal investigations such as the Bali bombings. The ICC will have video and audio links with major incident rooms in AFP offices around Australia as well as with the Mobile Operations Support Vehicles that may be deployed in support of an investigation.

ILLICIT DRUGS

KEY POLICY FORUMS

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), the Australian National Council on Drugs (ANCD), the Intergovernmental Committee on Drugs (IGCD) and the Police Commissioners' Conference Drug Policy Subcommittee. The Commissioner maintains close involvement in such forums, attending a number of meetings throughout the year, detailed below.

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 issues associated with the increasing supply and use of psychostimulant drugs in Australia.

The Commissioner gave a presentation to the MCDS at its 18 July 2002 meeting on the latest international trends in the supply of illicit drugs and how these trends were affecting Australia's illicit drug supply market. He also discussed the AFP's strategies, in collaboration with its national and international law enforcement partners, for dismantling the syndicates involved.

The Prime Minister established the ANCD in 1998 to ensure that non-government organisations and individuals working in the drug field have a mechanism to contribute to all levels of government policy development. The Commissioner 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, the Commissioner attended several meetings of the ANCD and the ANCD Executive, and regular joint meetings of the ANCD Executive and IGCD Executive. The IGCD is an advisory body to the MCDS and consists of senior officers representing health and law enforcement agencies in each Australian jurisdiction and other people with expertise in identified priority areas.

In May 1999, the Police Commissioners' Conference

JOINT COUNTER-TERRORISM TEAMS

SIGNIFICANT ACHIEVEMENTS

- > In September 2002, a telephone call was made to staff at the Sydney Kingsford Smith Airport which resulted in the airport being closed for four hours. The closure impacted on the travel of over 5,000 people and caused substantial economic losses for companies located at the airport (one carrier estimated the financial detriment suffered to be approximately \$845,790 arising from delays to 11 flights). After an extensive investigation, a suspected offender was identified, who was incarcerated in the Northern Territory on unrelated charges. The person was arrested on 4 July 2003 on their release from jail and was remanded in custody until August 2003.
- > In November 2002, a person was arrested and charged with offences of conspiring to destroy by means of explosives official premises of an Internationally Protected Person (IPP). The alleged offender was remanded in custody, with the matter adjourned to late July 2003.

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resolved to establish a Drug Policy Subcommittee (PCCDPS), to provide a mechanism for the Commissioners collectively to more clearly and strategically focus on illicit drug issues. The Commissioner is a member of the subcommittee and attended the annual meeting held in March 2003. The PCCDPS has a workplan with 30 active items that concern the response of policing in Australia to drug-related problems. Key issues being examined include the relationship between drug prevention and crime prevention programs, the increasing use of amphetamine-type stimulants (ATS) and the diversion of chemicals used in their manufacture.

Internationally, the AFP is also actively involved in illicit drug forums. The Commission on Narcotic Drugs (CND) is the central policy-making body within the UN system dealing with drug-related matters. It analyses the world drug situation and develops proposals to strengthen the international drug control system. AFP Deputy Commissioner John Davies was a member of the Australian delegation to the CND meeting held in Vienna in April 2003. The five-yearly Ministerial Segment was held immediately after this year's general session and was attended by the Minister for Justice and Customs.

The 2003 CND sessions examined international cooperation measures, including two action plans against the illicit manufacture, trafficking and abuse of ATS and their precursors, as well as the eradication of illicit drug crops and alternative development. Other measures focused on promoting judicial cooperation, countering money laundering and controlling precursors.

Deputy Commissioner Davies also gave a detailed presentation on interregional and interagency cooperation in drug trafficking investigations at a CND ancillary meeting with the UN Office of Drugs and Crime.

HEROIN

The heroin market in Australia has largely stabilised at levels equivalent to those experienced in the early 1990s, resulting in a significant decrease in the level of harm impacting upon Australian society.

The Australian Bureau of Statistics (ABS) reports that, while national opioid deaths in the 15-44 year bracket for the years 1998, 1999 and 2000 were 737, 958 and 725 respectively, this figure dropped to only 306 in 2001. The National Household Survey confirms

that the reduction in opioid death mirrors the levels of heroin use where recently reported use had dropped from 0.8 per cent in 1998 to only 0.2 per cent in 2001 (more recent ABS data is not currently available). This level is equivalent to the level of recent heroin use reported in 1993.

Effective law enforcement action by the AFP and our local and international law enforcement partners, including the seizure of large quantities of heroin and the disruption of several international syndicates, created a situation where Australia became a less attractive target to transnational crime groups involved in the heroin trade. Major seizures made by the AFP and with its national and international partner agencies are listed below under 'Significant achievements'. As a result, a major heroin shortage which began in late 2000 increased prices and decreased street-level purity. More heroin users sought treatment from health services while others left the illicit drug market. Others changed drug type at the commencement of the shortage and have not returned to heroin. The very high levels of supply in the late 1990s had created a situation where a 'street market' existed, allowing the easy absorption of new heroin users. With the shortage numbers of users entering the heroin market have decreased. The overall effect has been a reduction in the size of the Australian heroin market. AFP intelligence suggests that major heroin syndicates, however, still see Australia as an attractive target.

Major international initiatives concerning the disruption of heroin syndicates include the deployment of federal agents to Ho Chi Minh City (Vietnam) and Chiang Mai (Thailand) and the commencement of multilateral targeting operations with our main international partners. The majority of heroin imported into Australia is produced from opium grown in Burma. The UN Drug Control Programme Opium Survey for Burma reported that the estimated opium yield for the 2002 season was 828 tonnes, almost 25 per cent less than the production estimate for 2001. Afghanistan has regained its position as the largest producer of opium. Production increased during 2002 to 3,400 tonnes following a very low crop of only 185 tonnes in 2001 due to a severe drought and a Taliban edict banning production. Current intelligence in relation to the 2003 crop indicates that production may be around 3,500 tonnes. Statistical information on heroin seizures in 2002-03 can be found at [Table 3 in Appendix 1](#).

HEROIN

SIGNIFICANT ACHIEVEMENTS

- In March 2003, a refrigerated shipping container arrived in Sydney, with contents which were recorded as frozen fish paste. Following a search by Customs officers, 24kg of heroin was found to be secreted. A controlled delivery was conducted which resulted in one person being arrested. The suspect was charged with attempting to possess a prohibited import (a commercial quantity of heroin). The matter is currently in brief preparation.

SIGNIFICANT SENTENCING DECISIONS

- In January 2002, 4.05kg of heroin was detected following the arrival of a Hong Kong resident on a flight to Brisbane. A controlled delivery to Sydney was undertaken, where a second person was arrested. In December 2002, the person arrested in Sydney was sentenced to seven years imprisonment with a non-parole period of five years. The person arrested in Brisbane had earlier (May 2002) been sentenced to six years imprisonment with a three year non-parole period.
- In May 2002, 8.42kg of heroin was seized in Melbourne following information from the Royal Malaysian Police that the head of a Malaysian narcotics distribution syndicate may attempt to import narcotics to Australia. During the reporting period, two of the defendants appeared before the court. One was sentenced to 11 years imprisonment with a non-parole period of eight years while the other was sentenced to 10 years imprisonment with a non-parole period of seven years. Two other defendants will appear in court later this year.
- In October 2002, after a long appeal process, a former member of the Hong Kong Police Service, who was also a member of a narcotics trafficking syndicate covering Europe, Asia and the Americas, was sentenced to life imprisonment over five importations of heroin into Australia, including 56kg in 1995.
- In late 2002, an Australian national was sentenced to 40 years imprisonment for conspiring to import 14.8kg of heroin into Australia in April 2000. Another offender was also sentenced to 10 years imprisonment after pleading guilty to conspiring with others to import about 375kg of heroin into Australia between July 1998 and April 2000.
- In late 2002-early 2003, two Asian persons were sentenced to nine years and 12 years imprisonment respectively for their role, with others, in being knowingly concerned in importing 78kg of methylamphetamine and 184kg of heroin into Australia during late 2000.
- In February 2003, an Australian national was sentenced to 16 years imprisonment (with a non-parole period of 10 years) for importing 3.5kg of heroin concealed in the false bottom of a suitcase, into Australia in April 2002.

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COCAINE

UN comparative cocaine consumption data indicate Australia is among the leading cocaine consumers in the Western world. Various factors show that the growing consumption in Australia of cocaine by intra-venous drug users appears to have been accelerated by the heroin shortage which peaked in 2001. Despite more than 20 high impact operations conducted by the AFP, the high level of large quantity cocaine seizures in 2000-01 has not been repeated in this reporting period. Cocaine availability appears to have remained constant in parts of Australia, with cocaine remaining a dominant issue in New South Wales.

The total quantity seized – around 65kg – is similar to those in the mid 1990s. While the total volume of cocaine seized has dropped, the total number of seizures in the period has increased markedly. Cocaine seizures have seen a continuation of the trend towards lower quantity but higher frequency importations via the postal system.

Some routes incorporate transshipment and transit points. For example, Peru, which has been assessed as increasing its production of cocaine, has figured strongly as a source country for cocaine in mail destined for Australia. AFP investigations suggest some suspected cocaine importations also include other drug types such as ATS.

Changes in the global situation may also impact on cocaine importations to, and seizures in, Australia. For example, increased border security in the USA, as a result of terrorist attacks combined with increased law enforcement in Mexico and US efforts to reduce the supply of cocaine in Colombia, are factors attributed to the fall in the total drug seizures on the USA/Mexican border. A concurrent drop in the purity of cocaine may indicate a weakening in supply. At this stage however, there are no indications that Australia is being targeted for increased cocaine importations as a result of changes in the global situation.

The AFP continues to monitor changing illicit drugs production levels in Colombia, Peru and Bolivia, in order to effectively focus its overseas resources and maintain intelligence sharing relationships with the most appropriate law enforcement agencies. While drug traffickers of South American ethnic background figure prominently in large cocaine importations, the AFP is also monitoring activities and continuing

investigations into other drug trafficking organisations that are believed to have become involved in cocaine trafficking into Australia. Intelligence available to the AFP indicates that South-East Asian, Middle-Eastern and West African organised crime groups are becoming increasingly involved in cocaine trafficking.

The AFP, therefore, continues to develop cooperative intelligence arrangements with partner agencies. In July 2002, the US Drug Enforcement Administration and the AFP signed an agreement to enhance collaboration in investigating, disrupting, and dismantling international illicit drug trafficking organisations impacting either directly or indirectly on the USA and Australia. The agreement is based on the rationale that, as both agencies often face the same transnational crime threats and high level criminal targets, there is much to be gained by heightening their current cooperation into greater practical collaboration on an equal partnership basis. Both agencies recognised the benefit from the synergy of leveraging each other's knowledge, expertise, presence, and strengths when appropriate and agreed.

Cocaine trafficking and consumption is expected to continue having a high to very high impact on the community in the near and medium future.

Mail seizures accounted for 72.3kg of the total 98.2kg seized. Statistical information on cocaine seizures in 2002-03 can be found at [Table 3 in Appendix 1](#).

COCAINE

SIGNIFICANT ACHIEVEMENTS

- In February 2003, a joint investigation between the AFP and the Argentine Federal Police resulted in the seizure of 11.4kg of cocaine in Australia and the arrest of 15 people in Australia and Argentina. The investigation also involved coordinating the assistance of law enforcement agencies in Brazil, Chile and New Zealand.

SIGNIFICANT SENTENCING DECISIONS

- In July 2001, an investigation into the largest seizure of cocaine in Australian history began after 938kg of cocaine was seized in an AFP operation at Dulverton Bay, WA. The narcotics were brought into Australia on board a vessel which sailed from the USA and took possession of the cocaine after meeting another vessel in the Atlantic Ocean. Two American nationals and three Colombian nationals were arrested in connection with the importation. In this reporting period, one of the American nationals and one of the Colombian nationals were sentenced after pleading guilty to importing a prohibited import. They were sentenced to terms of imprisonment of 25 years and life respectively. The second Colombian national has entered a plea of not guilty. The trial is to commence later in 2003. The charges against the third Colombian national were dropped by the Commonwealth Director of Public Prosecutions (DPP) and, in May 2003, the second American national was acquitted.
- In late 2002-early 2003, an Australian and a person from the Caribbean were found guilty for their role in importing 7.6kg of cocaine into Australia in November 2001. The Australian was sentenced to six years imprisonment, with a non-parole period of three years and three months. The person from the Caribbean was sentenced to eight years imprisonment with a non-parole period of five years and has filed an intention to appeal both the conviction and the sentence. This was the first use of the new listening device legislation introduced by the Measures to Combat Serious and Organised Crime Act.

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AMPHETAMINE-TYPE STIMULANTS

The main amphetamine-type stimulants (ATS) imported into Australia are amphetamine, methylamphetamine and 3, 4-methylenedioxymethamphetamine (MDMA or ecstasy). The Australian market for these drugs is well integrated with the global market, which expanded rapidly from the mid 1990s. While there are indications that the global ATS market has stabilised, demand and seizure data during the reporting period suggest that the Australian market is still growing.

In 2002-03, seizure rates for both MDMA and methylamphetamine continued the upward trend for amounts of these drugs seized since the mid 1990s. Larger amounts of both drug types were seized in the latter half of the financial year, with the average weight per seizure increasing in that time. The upward trend in amounts seized, together with intelligence pointing to very large shipments of MDMA and methylamphetamine to Australia being planned by groups operating from Europe and South-East Asia, shows that Australia continues to be seen as a profitable market for transnational organised crime enterprises dealing in illicit stimulant drugs.

Although more than 85 per cent of the seizures of MDMA and amphetamine/methylamphetamine were from parcels post, more than 65 per cent of the amount of MDMA and 90 per cent of the amphetamine/methylamphetamine was seized from bulk cargo. The threat from ATS lies in both large numbers of smaller importations by speculative importers and less frequent large professional importations by entrenched career criminals.

In 2002-03, MDMA accounted for approximately 65 per cent of ATS seizures compared with 35 per cent for amphetamines/methylamphetamines. This is a reversal of the composition of ATS seizures in 2001-02 and is more like that seen in the four years to 2000-01.

AMPHETAMINE-TYPE STIMULANTS

SIGNIFICANT ACHIEVEMENTS

- > An investigation by a joint agency task force consisting of the AFP, NSW Police and the NSW Crime Commission related to the alleged importation of up to one million MDMA tablets into Australia by a UK based syndicate. AFP officers in Perth assisted in the operation which led to the arrests in June-July 2002 of seven persons, the seizure of approximately 30kg of ATS and \$3.4 million. In July 2002, as a result of further inquiries, a Perth resident was arrested in possession of 18.29kg of amphetamine in paste form and \$19,000 in cash. The person subsequently pleaded guilty to a charge of possessing the amphetamine and, in August 2002, was sentenced to seven years imprisonment with a non-parole period of three and a half years. Prosecutors appealed the sentence and the person will now serve nine years with four and a half years non-parole. The \$19,000 seized was also ordered to be forfeited to the Crown. The other alleged offenders are before the court.
- > The seizure in August 2002 of 54kg of MDMA tablets concealed in swimming pool equipment shipped in a container was a cooperative effort between the AFP and the Dutch National Police. It resulted in the disruption of syndicate activities in Australia and Europe. One person has been remanded in custody in Australia and will appear before the court in August 2003 for committal while further inquiries by the Dutch National Police resulted in the arrest of eight suspected offenders and the seizure of a further 50kg of MDMA powder.
- > In December 2002, a joint agency task force consisting of the AFP, NSW Police and the NSW Crime Commission investigating a transnational organised crime syndicate involved in significant money laundering and narcotic trafficking activities on the east coast of Australia, seized 235kg of MDMA imported into Australia from the Netherlands. Three suspects were arrested in Australia with more arrests expected overseas.
- > In April 2003, a 14-month joint investigation between the AFP and the Royal Malaysian Police targeting an international syndicate responsible for trafficking MDMA from Europe to Australia via Malaysia was successfully resolved. An amount of 170.9kg of MDMA powder was seized in Australia. Six people were arrested in this country and a further six in Malaysia in connection with this investigation, which resulted in the dismantling of a major organised crime syndicate.

CHAPTER 03 – PERFORMANCE REPORTING

Although most MDMA is produced in Western Europe, importations into Australia during the reporting period were often seen to come via South-East Asian centres. The People's Republic of China was the source of most of the methylamphetamine seized.

The AFP has collaborated with drug law enforcement agencies in regions where ATS are produced and transhipped to identify those behind significant seizures made in Australia and to prevent further shipments being assembled for export to consumer countries around the world. A joint investigation of large-scale trafficking of MDMA from Europe to Australia led to European agencies being able to disrupt the business of traffickers engaging in multi-tonne cannabis resin shipments from Morocco to Western Europe. The AFP also has worked closely with drug law enforcement agencies in ATS recipient countries, particularly New Zealand.

Complementing the cooperative approach to investigating and disrupting ATS trafficking, the AFP has taken a lead role in raising awareness of the threat from these drugs in the surrounding region where ATS are not widely available. During the year, the LECP sponsored a series of ATS seminars in Tonga, Fiji, Papua New Guinea, the Solomon Islands, Vanuatu and the Cook Islands. An AFP strategic intelligence analyst and a New Zealand Police detective with extensive experience investigating clandestine laboratories briefed members of law enforcement and associated agencies. The briefings covered the global dimensions of the ATS trade, indicators of clandestine methylamphetamine manufacturing and the range of evidentiary and safety matters that need to be considered when investigating ATS production.

Statistical information on ATS seizures in 2002-03 can be found at Table 3 in Appendix 1.

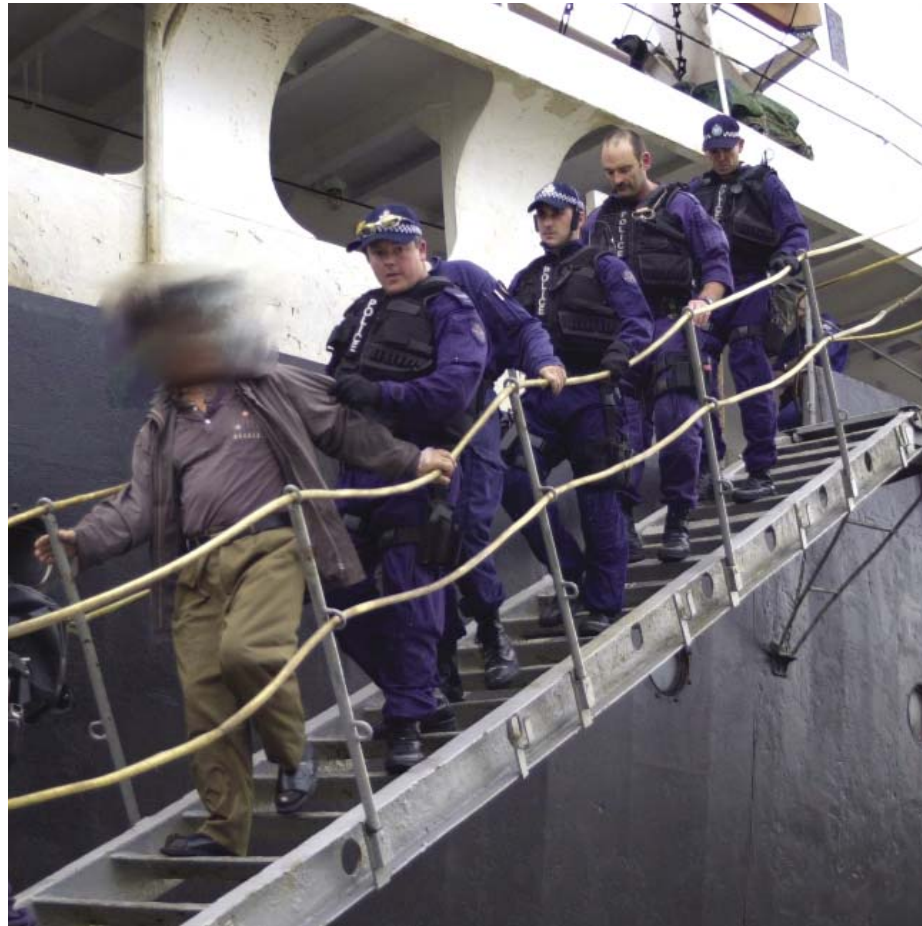
AMPHETAMINE-TYPE STIMULANTS

SIGNIFICANT ACHIEVEMENTS

- > In May 2003, an investigation into the largest seizure of crystal methylamphetamine in Australia (223kg) commenced. The narcotics were secreted in packages in a container on a vessel. A controlled delivery of the seizure resulted in the arrest and charging of two persons. Search warrants executed during the investigation detected a previous importation had occurred and another 4.1kg of crystal methylamphetamine and 1.2kg of cocaine was seized as well as cash. Through further investigations, another 110kg of crystal methylamphetamine disguised in packets of brown sugar was located. Significant assets have been identified which have been restrained under the Proceeds of Crime Act 1987. The investigation is continuing.
- > In mid May 2003, the Joint Asian Crime Group (JACG) in Sydney seized 93.5kg of methylamphetamine and arrested four people. The drugs were found by JACG officers in Cremorne and are believed to have been imported into Australia hidden in a consignment of water desalination units that arrived from Hong Kong. Three Chinese nationals were arrested and charged with possessing a prohibited import and supplying a prohibited drug. A Japanese person has also been charged with supplying a prohibited drug and with aiding and abetting the importation of a prohibited import. They have been remanded in custody until July 2003.

SIGNIFICANT SENTENCING DECISIONS

- > In July 2001, an alleged Perth drug syndicate head was arrested and charged with attempting to obtain possession of 7,000 MDMA tablets. In 2002-03, the person was convicted and an appeal against conviction by the importation's overseer was withdrawn. This operation resulted in the conviction of 46 people on drugs charges in six countries. Approximately \$500,000 in assets was confiscated and 130,000 MDMA tablets and 1kg of 'ice' were seized. Three narcotics trafficking syndicates in Malaysia, two in Australia and one in Singapore were dismantled, with the leaders of those five syndicates now serving jail terms. This operation was the first that the Singapore Central Narcotics Bureau had ever conducted jointly with a foreign law enforcement body and the first time the Royal Malaysian Police had done so with an Australian agency. The relationships created with those agencies during this operation have continued to benefit subsequent joint operations.
- > In September 2001, an Israeli born male and a Spanish born female arrived at Brisbane International Airport on a flight from Paris. A search of their luggage located 32.7kg of MDMA tablets. This seizure is believed to be the largest import of MDMA anywhere in the world from a passenger on a commercial flight. While the female was acquitted and deported, the male was sentenced in March 2003 to 14 years imprisonment with a non-parole period of seven years.
- > In April 2003, a Russian national was sentenced to 12 years imprisonment for entering Australia using a false identity attached to a genuine Belgian passport and importing 14.3kg of MDMA concealed in the false bottom of a suitcase and in a package that the person was carrying.



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NATIONAL ILLICIT DRUG STRATEGY

MOBILE STRIKE TEAMS

The AFP has been allocated substantial funding support at every stage of the National Illicit Drugs Strategy (NIDS). Cumulative funding to the end of 2005-06 for NIDS totals \$190.118 million.

NIDS has funded a range of AFP supply reduction initiatives including:

- > establishing mobile strike teams;
- > widening the AFP's International Network;
- > establishing an international Law Enforcement Cooperation Program;
- > developing a national heroin signature program; and
- > developing investigative support initiatives such as improved human source handling and witness protection arrangements, enhanced telephone intercept capacity, and connection of the overseas offices to the AFP computer network (AFPNET).

Under the NIDS funding, 10 mobile strike teams have been created to target major international drug syndicates, with the intention of reducing both the supply of illicit drugs as well as disrupting or dismantling the 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 \$106.702 million has been provided to date with \$13.745 million appropriated in 2002-03.

During 2002-03, the strike teams initiated 16 major investigations as well as progressing ongoing investigations. These resulted in 46 arrests in Australia and 20 arrests overseas.

NIDS-funded programs have contributed directly to an increased number of successful intelligence led AFP investigations, many in close cooperation with the Australian Customs Service (Customs), the Australian Crime Commission and overseas law enforcement agencies. Much of the success of the mobile strike teams can be attributed to the cooperative relationships forged between the AFP and its law enforcement partners in Australia and overseas. The AFP's International Network plays a vital role in facilitating the flow of intelligence and the coordination of overseas operations.

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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. Cumulative funding to the end of 2005-06 for this NIDS funded initiative is \$1.727 million with \$0.2 million appropriated in 2002-03.

The Thursday Island Office is resourced by a sworn AFP member and an investigative assistant. The AFP continues to liaise closely with partner agencies in the Torres Strait including Customs and the Queensland Police Service (QPS). The Combined Intelligence Group forum brings these agencies together in a collaborative effort to gather, analyse and respond to criminal intelligence of mutual interest. The AFP continues to support the Joint Agency Cross Border Patrols which are facilitated by Customs and travel in the Strait and into the Western Province of Papua New Guinea. The AFP has participated in four cross-border patrols this year, in September-October 2002, November 2002, March 2003 and June 2003. A sound operational relationship exists between the AFP and the Royal Papua New Guinea Constabulary (RPNGC) in the region. As a result of joint operational activities in the Torres Strait, incidents involving the possession and movement of firearms continue to be identified. Where a Commonwealth offence cannot be proved, action by the State police services, supported by the AFP, has a significant impact on the criminal environment in the region. This resource sharing and collaborative approach is effective in this remote area of operation. The AFP is also actively involved in the annual Cross Border Crime Conference together with the RPNGC, Customs and the QPS.

During the year, an environmental scan of criminal activity in North Queensland was conducted and has been a major focus for the Thursday Island Office. The scan involved interviewing local community leaders, representatives of Federal and State government agencies and representatives of other law enforcement agencies such as QPS, Customs and the Queensland

Boating and Fisheries Patrol to ascertain the level of criminal threat and crime trends in the region, especially in relation to Commonwealth offences. The environment scan was considered by the Northern Operations Committee (OC) and a number of recommendations are being acted upon to further assist the AFP determine appropriate and effective responses to issues affecting the Torres Strait. The Office has also been involved in ongoing narcotic importation investigations.

HUMAN SOURCE HANDLING AND WITNESS PROTECTION

The AFP's management of human sources, including informants, is gaining importance in Australian and international law enforcement. Incorporated into the intelligence process, improvements to the human source framework, such as centralised corporate management and the training of AFP members in human source handling, have realised an increase in the AFP's ability to learn and investigate criminal activity both nationally and internationally.

To maintain a high level of professionalism and preserve the integrity of the AFP and its members, a guideline on the use of human sources was developed. This guideline allows flexibility in the management of human sources, as well as providing an infrastructure that preserves integrity. The human source management team is currently reviewing this guideline to ensure that it continues to meet the needs of the AFP and its partners in law enforcement.

During 2002-03, the use of human sources has resulted in the arrest of principal organisers in Australia and overseas who where involved in the importation of narcotics into Australia. Information from human sources has also disrupted efforts of an international criminal syndicate planning to import significant quantities of narcotics to Australia, as well as severely disrupting efforts of international syndicates involved in people smuggling activity. A number of the investigations undertaken by the mobile strike teams began as a direct result of human source information.

During 2002-03, the National Illicit Drug Strategy provided \$1.2 million funding for this initiative.

Participants in the National Witness Protection Program (NWPP) have been accepted into the program because of evidence they have given, or will give, in

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prosecutions relating to organised large-scale importations of illegal drugs, or corruption. In 2002-03, the sum of \$10,938.20 was drawn from NIDS funding. Further details of the NWPP are under Output 1.2.

AUSTRALIAN ILLICIT DRUG INTELLIGENCE PROGRAM

The Australian Illicit Drug Intelligence Program (AIDIP) is founded on the previous National Heroin Signature Program which was expanded to include cocaine and amphetamine-type stimulants in the 2002-03 Budget. An amount of \$4.720 million was appropriated to the AFP over four years for this purpose. During 2002-03, NIDS funding of \$1.485 million was provided.

The program is designed to provide enhanced support for narcotics-related operations through the physical and chemical analyses of these drug types.

Ongoing intelligence product based on physical and chemical analysis of heroin samples continued to be generated and disseminated during 2002-03, as shown in the following table:

TABLE B: SEIZURES ANALYSED BY THE AIDIP 2001-03

| Year* | Samples | South American | South-East Asia | South-West Asia | Mexican | Unknown |
|-------|---------|------------------|----------------------|--------------------|--------------------|---------------------|
| 2001 | 225 | 18 8 per cent | 170 75.6 per cent | 5 2.2 per cent | 0 | 32 14.2 per cent |
| 2002 | 462 | 0 | 327 70.8 per cent | 31 6.7 per cent | 16 3.5 per cent | 88 19 per cent |
| 2003 | 202 | 0 | 199 98.5 per cent | 1 0.5 per cent | 1 0.5 per cent | 1 0.5 per cent |

*NOTE: At this time seizure data is only available by calendar year, rather than by financial year.

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This analysis by the Australian Forensic Drug Laboratory continues to assist the AFP in linking group criminal activity, including for example, where bulk importations have been split and distributed or imported through a number of ports into Australia. The presence of paracetamol and/or caffeine as adulterants in heroin seizures analysed was particularly apparent in 2002 and 2003 (with approximately three-quarters of samples containing either or both substances in 2003).

Considerable work was undertaken during 2002-03 in preparation for the complexity, challenges and opportunities involved in profiling cocaine and ATS. A major focus has been working with the Victoria Police Forensic Laboratory to enhance the National ATS Logo Database it manages. This has involved providing a state of the art image capture system to all jurisdictions which enables improved tablet detail collection, including improved and standardised images. The establishment of links with international agencies and projects was also progressed during the reporting period and consideration is being given to adopting the Australian image capture system as an international platform.

Other developments in the enhanced program included identification of suitable protocols and acquisition of the necessary equipment for cocaine and ATS profiling. Operationally, the program has been actively involved in the examination of tablet making machines and researched tool mark impressions on tablets made by the tablet press punches. This will enhance law enforcement's future ability to link seized tablet presses through tool marks, logos and product mixtures.

EXPANSION OF TELEPHONE INTERCEPTION CAPABILITY

In 2002-03, the AFP recruited 10 more members for its Telecommunications Interception Division. With these and a new telecommunications interception (TI) system, commissioned in February 2002, the Division is now able to meet the increasing demands placed upon it by the growing number of cases where criminal organisations are utilising multiple telecommunications media to facilitate their criminal activity.

In 2002-03, NIDS provided \$0.939 million funding for this initiative.

LAW ENFORCEMENT COOPERATION PROGRAM

The Law Enforcement Cooperation Program (LECP) supports the AFP's International Network which underpins the AFP's offshore disruption of transnational crime groups including those involved in international drug trafficking. It also complements the activities of the AFP's mobile strike teams, created to target major international drug syndicates. LECP project activities are designed to combat transnational crime in all its forms and to support the AFP's crime management strategies. Based on an analysis of current crime trends, the engagement of law enforcement partners in the Asia-Pacific region will continue to be the primary focus for the LECP; however project activities are being delivered on a global basis.

The LECP is the key mechanism by which the AFP can increase the awareness and understanding of transnational crime issues within the international law enforcement community. Specifically the LECP aims to:

- > increase the quantity and quality of international law enforcement intelligence collected by the AFP;
- > increase operational capacity within partner law enforcement agencies in the area of transnational crime and increase the preparedness for operational cooperation and assistance with the AFP;
- > increase the standard of governance in the areas of institutional policy, human resource management, ethics and anti-corruption measures in recipient law enforcement agencies with a view to deterring future transnational crime which may have a potential impact on Australia; and
- > continue the AFP's close collaboration with developed law enforcement agencies and demonstrate its international leadership in transnational crime issues.

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Funding has allowed the AFP to deliver high quality training programs, provide equipment, undertake short-term attachment and/or exchange of law enforcement personnel, conduct strategic law enforcement seminars and workshops and effect high-level representational visits.

LECP funding has enabled:

- > the establishment of Transnational Crime Teams (TNCT) in Bangkok and Phnom Penh. The TNCT are key investigative agencies for all transnational crime activities within their jurisdictions and are staffed by local law enforcement personnel. These personnel are supported by AFP team leaders who provide a mentoring role;
- > the commencement of a joint LECP/AusAID funded project to enhance the capacity of the Indonesian National Police (INP) to manage transnational crime and counter-terrorism. This project focuses on the development of a Transnational Crime Centre in Jakarta and the INP's law enforcement intelligence capacity;
- > the establishment of TNCT in Suva and Apia. These teams are the first in a Pacific-wide network that will include teams in Tonga, Papua New Guinea and Vanuatu in the near future; and
- > the establishment of a Law Enforcement Training Coordination Officer in the Pacific Islands Forum Secretariat in Suva for an initial period of two years to:
 - > coordinate donor and recipient law enforcement training throughout the region;
 - > introduce a package of law enforcement training relevant to the Pacific region, that is certified and accredited utilising key stakeholders such as the University of the South Pacific; and
 - > raise the training capacity within the region by the qualification of Pacific law enforcement training personnel.

NIDS has provided funding of \$15.4 million to date with \$3.605 million appropriated in 2002-03.

AFP'S INTERNATIONAL NETWORK

In 1998-99, NIDS funding was appropriated to enable the AFP to expand its International Network into key illicit drug production and transit locations. NIDS funding currently supports AFP officers located at AFP offices in Beijing, Hanoi, Rangoon, The Hague and Bogotá, as well as an intelligence analyst in the Hong Kong office.

The NIDS-funded overseas AFP officers continue to be key components of the AFP's International Network and provide timely intelligence and operational support in relation to the identification and dismantling of organised illicit drug trafficking and transnational crime syndicates. Each office has established key strategic alliances with host country law enforcement agencies critical to supporting a range of law enforcement activities.

The success of these offices is highlighted by the further expansion of the Beijing, Bogotá and The Hague offices (new measures funding) with the deployment of an additional officer to Rangoon under consideration. This further expansion is underpinned by the quantity and quality of the work generated by these offices and the disruptive effect on transnational organised crime groups.

In 2002-03, NIDS provided \$2.906 million funding for this initiative

CONNECTION TO AFPNET

In 2002-03, NIDS provided \$1.213 million funding for the connection to AFPNET, the AFP computer network. All AFP overseas offices are now connected to AFPNET, bringing the total of overseas AFPNET nodes to 24. This provides real-time access to the AFP's case management system, PROMIS, and intelligence. This has significantly improved the effectiveness and efficiency of overseas offices in relation to joint investigations with partner agencies and providing assistance.

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PEOPLE SMUGGLING

The AFP has continued to focus on criminal activity involving people smuggling in accordance with the Ministerial Direction of 27 December 2000 requiring 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 work of the joint AFP/DIMIA People Smuggling Strike Team (PSST), based in AFP Headquarters, other AFP investigation teams and the AFP's International Network has contributed to the continuing suppression of people smuggling by boat to Australia. While there has been no known arrival of any suspect illegal entry vessels carrying illegal immigrants to Australia in the reporting period, on 1 July 2003 a vessel carrying 53 Vietnamese unlawful non-citizens arrived off the coast of Port Hedland. An Australian national was arrested and charged with involvement in bringing the non-citizens to Australia.

Intelligence has confirmed that the two Vietnamese vessels interdicted in Indonesia in April 2003 represented a continuation of a previously identified pattern of sporadic, self-organised illegal immigration by Vietnamese nationals seeking a better life in Australia.

On 5 February 2003, the AFP and DIMIA signed an MOU which formalised the working relationship between the two agencies with respect to the activities of the PSST.

The past year has been one of consolidation for the PSST, with efforts directed to the investigation and preparation of briefs of evidence against major people smugglers who were arrested in 2001-02. In addition, and as a result of these investigations, additional suspects have been identified and first instance warrants for their arrest obtained. During the reporting period, extradition proceedings continued in relation to two alleged major people smugglers provisionally arrested in Thailand.

In January 2003, offence provisions inserted into Division 73 of the Criminal Code by the [Crimes Legislation Amendment \(People Smuggling, Firearms Trafficking and Other Measures\) Act 2002](#) came into operation. The amendments created offences for the smuggling of people and making, providing or possessing false

travel or identity documents for use in securing the unlawful entry of a person into a foreign country. The new offences provide an enhanced ability to deal with the issue of people smuggling and the involvement of any Australian residents and citizens who organise such activity. The legislation also fulfils a commitment, made by participants in the Ministerial Conference on People Smuggling, Human Trafficking and Related Transnational Crime in Bali in February 2002, to criminalise people smuggling.

The AFP was involved in supporting the Commonwealth Government's participation in the Second Ministerial Conference on People Smuggling, Human Trafficking and Related Transnational Crime which was held in Bali from 28-30 April 2003. The conference, which was co-chaired by the Australian Minister for Foreign Affairs and Trade, was attended by 28 Ministers from 32 countries across the Asia-Pacific region, as well as the UN High Commissioner for Refugees, representatives from the International Organisation for Migration and a further 13 international agencies and representatives from 14 observer countries. The conference provided a boost for legal and law enforcement cooperation in the region in combating people smuggling and other forms of transnational crime. AFP overseas offices have continued to work closely with partner agencies in source, transit and other destination countries, through the exchange of intelligence and information and the coordination of operations, to deal with people smuggling activity.

As reported in last year's Annual report, Australia in February 2002 announced that it would help the INP patrol the thousands of kilometres of Indonesian coastline serving as havens for people smugglers. In the 2002-03 Budget, an additional \$1.5 million was provided to the AFP for five boats for use by small units within the INP. Following a comprehensive tender evaluation assessment in January-February 2003, Leisurecat Australia Pty Ltd was awarded the contract for constructing the five boats for the Republic of Indonesia. It is anticipated that the boats will be formally handed over by the AFP Commissioner to the INP at a ceremony to take place in WA in late July 2003-early August. Following the ceremony, the boats were to be shipped to Jakarta.

PEOPLE SMUGGLING

SIGNIFICANT ACHIEVEMENTS

- In October 2001, the AFP received information that a vessel (subsequently referred to as 'SIEV X') carrying a large number of illegal immigrants from Indonesia to Australia had sunk with the loss of 353 lives. The AFP commenced an investigation in relation to this smuggling operation and, in June 2002, obtained three arrest warrants in relation to a principal suspect's involvement in people smuggling ventures in February 2000, March 2001 and August 2001. Investigations continued in relation to the suspect's involvement in SIEV X and, in December 2002, a further warrant was issued in relation to the involvement in the organisation of that vessel. The People Smuggling Strike Team (PSST) has continued to gather evidence in relation to the organisation of SIEV X and sent a team to interview survivors now located overseas.

During interviews, witnesses provided information which assisted the PSST in identifying a further suspected co-offender in relation to SIEV X. Inquiries revealed the suspect had resettled to Sweden as a refugee in August 2002. Swedish authorities located and arrested the person in May 2003. A formal application for extradition from Sweden to Australia has been made and is with the Swedish authorities.

In April 2003, a suspected principal people smuggling organiser was deported from Indonesia to Egypt. The AFP continues to investigate the SIEV X matter and the Minister for Justice and Customs has indicated that Australia will do all possible and provide the necessary assistance to bring the suspect before the courts.

- In August 2002, the Thai Criminal Court delivered judgement upholding Australia's request for the extradition of a Pakistani man allegedly responsible for the organisation of two boats in March and April 2001 carrying more than 396 unlawful non-citizens to Australia. The suspect appealed against the decision and the Thai Court of Appeal refused the appeal in May 2003. The extradition of this person to Australia is scheduled to take place in mid July 2003.
- In August 2002, Australia made a request to Thailand for the extradition of an Iraqi national in relation to alleged people smuggling offences involving the bringing into Australia of 359 foreign nationals on four boats in 2000 and 2001. In December 2002, a Thai Court determined that the Iraqi national was eligible for extradition to Australia and, in February 2003, the person was escorted from Thailand to Darwin by members of the PSST.

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MONEY LAUNDERING

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. 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.

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.

On 1 January 2003 the Proceeds of Crime ([Consequential Amendments and Transitional Provisions](#)) Act 2002 inserted into the [Criminal Code Act 1995](#) new money laundering offences replacing those in the [Proceeds of Crime Act 1987](#).

A matrix of 18 new offences now exists, graded according both to the level of knowledge required of the offender (intent, recklessness, negligence) and the value of the property involved in the laundering. These offences permit prosecutors to more accurately reflect the level of culpability of the offender (and consequently, the penalties) in the charges they prefer and courts are provided with a greater degree of guidance in their sentencing.

The regime includes alternative verdict provisions so that, where a court is satisfied that the person is not guilty of the offence charged but is guilty of another money laundering offence which carries a lesser penalty, the person can be convicted of that lesser offence consistent with the rules of procedural fairness. The maximum penalty has been increased from 20 to 25 years imprisonment. The scope of the offence has been expanded to include exports as well as imports of money and other property, money laundering in relation to some State and Territory offences which have

relevance to the Commonwealth and where the money or property is an instrument of crime used to facilitate criminal activity, such as occurred in the lead-up to the terrorist attacks in Bali in October 2002.

This translates to a significant change for law enforcement. Under the old provisions, it was necessary to prove a predicate offence and link that offence to the funds in question to satisfy a money laundering conviction. This made prosecution of money laundering offences extremely difficult. It remains necessary to prove that the property in question is the proceeds of crime, but there is no requirement to particularise the offence or person.

In the fight against money laundering, the AFP relies on its relationships with key partner agencies, particularly AUSTRAC and the Australian Crime Commission (ACC).

Internationally, the AFP continues to foster a multi-faceted approach to money laundering. The efforts to create an unfriendly environment for money launderers relies upon close cooperation with the AFP's international law enforcement partners. Through the exchange of intelligence via the AFP's International Network and funds available under NIDS, the AFP has been able to contribute positively to the development of money laundering expertise and practices within the region.

The AFP continues to contribute to international conferences in the region to work with other national law enforcement agencies to build regional knowledge and expertise. For example, the conference on Combating Money Laundering and Terrorist Financing held in Bali on 17-18 December 2002 provided valuable opportunities to network with senior officers from 31 Asia-Pacific countries, as well as representatives of key financial sector groups including the Financial Action Task Force (FATF).

The AFP has continued with its financial investigation programs to better equip investigators with the skills 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 the collective expertise of AFP investigators to be centred in key areas.

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ASIA/PACIFIC GROUP ON MONEY LAUNDERING

The AFP continued to work closely with the Asia/Pacific Group on Money Laundering (APG) throughout 2002-03. In 2003, Commissioner Keelty assumed the role of Australian Co-Chair of the APG, in his capacity as Chair of the Australian Crime Commission (ACC) Board. Australia has, since the APG's inception, occupied one of the Co-Chair positions, with the other being rotated every two years amongst members. Previously, the Australian Co-Chair position was held by the Chairman of the former National Crime Authority (NCA).

The APG is an independent regional body with 26 members. Its primary role is to facilitate the adoption and implementation by its member jurisdictions of the agreed anti-money laundering and anti-terrorist financing standards and measures, as set by the Financial Action Task Force (FATF). The FATF's 40 Recommendations constitute the international benchmark for the steps to be taken to deter and detect money laundering, and its eight Special Recommendations set similar benchmarks on counter-terrorism financing. The APG works with members to implement these steps within the region.

In May 2003, the Commissioner met with his fellow Co-Chair in preparation for the 2003 APG Annual Meeting, to be held later in the 2003 calendar year. AFP members representing the Commissioner in his capacity as Co-Chair participated in a number of APG and FATF events, providing the AFP with an opportunity to contribute to policy development. These included a special FATF Plenary in Beijing in April 2003, an APG Strategic Planning Day in May 2003 and the FATF Plenary in Berlin in June 2003.

The APG Secretariat works closely with the LECP and with the AFP's International Network. During 2002-03, these areas provided the APG Secretariat with valuable assistance. The International Network provided useful briefings, introductions to the law enforcement sector in various countries and assisted with the arrangement and administration of meetings with delegations. The APG Secretariat provides AFP's International Network with assistance in accessing financial and justice ministries.

The AFP shares the role of chairing the APG Information Sharing working group with the USA. At present, this working group is developing recommendations to improve the efficiency and effectiveness of information sharing between jurisdictions. The AFP was also represented on the APG working group on Alternative Remittance and Underground Banking. The working group developed an Implementation Package which has been adopted by the FATF and is closely reflected in the global standards and practices relating to alternative remittance and underground banking. The AFP also participated in the APG's Money Laundering Methods and Typologies Workshop in October 2002, in Vancouver, Canada.

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PROCEEDS OF CRIME

The [Proceeds of Crime Act 2002](#) commenced on 1 January 2003. Through the introduction of a civil forfeiture regime, it has greatly strengthened and improved Commonwealth laws for the confiscation of proceeds of crime. It will eventually replace the [Proceeds of Crime Act 1987](#), which will continue to apply to proceedings commenced under that Act.

This significant change has eventuated following a 1999 report of the Australian Law Reform Commission where it was said:

“Having regard to criticisms raised in submissions and related consultations, the considerations that have led to the expansion of NSW and Victorian proceeds laws to include non-conviction based regimes, and the very modest returns achieved under the existing Commonwealth regimes, the Commission is in no doubt that the [Proceeds of Crime Act 1987](#) and [Customs Act](#) regimes have fallen well short of depriving wrongdoers of their ill-gotten gains.”

The term ‘civil forfeiture’ has become widely recognised as a term to describe forfeiture which does not require conviction of a criminal offence as a preceding condition. Civil forfeiture can occur where a court is satisfied that it is more probable than not that a serious offence has been committed. Such a finding by a court does not constitute a conviction and no criminal consequences can flow from it. The focus of the provisions is the unlawful enrichment in civil proceedings, not the imposition of criminal sanctions.

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The primary motive for organised crime is profit. Each year in Australia, drug trafficking, money laundering, fraud, people-smuggling and other forms of serious crime generate vast sums of money. This money is derived at the expense of the rest of the community and is used to finance future criminal activity including terrorism.

The [Proceeds of Crime Act 2002](#) makes special provision for the confiscation of property used in, intended to be used in, or derived from terrorist offences which are now a major focus of AFP activities. The Act is also being used by the AFP in its efforts to disrupt transnational crime, through, for example, the preparation of affidavits to restrain the proceeds of people smuggling activities in Australia and overseas. This is a significant investment of AFP financial investigative effort.

The AFP has continued to build professional relationships with relevant agencies such as the Australian Taxation Office (ATO), Health Insurance Commission (HIC) and the Australian Securities and Investments Commission (ASIC) regarding referrals for action under the [Proceeds of Crime Act 2002](#). A close working relationship with the Australian Customs Service (Customs) is developing, which includes joint agency financial investigation training and outposting of Customs financial investigators to AFP FITs.

To ensure AFP members are familiar with the new legislation, an online training package was prepared and released in March 2003. More intensive financial investigations training is being achieved through ongoing three week Financial Investigation Programs. Three of these have been held to date and have included external agency participation.

In the reporting period, the AFP has cooperated closely with international law enforcement agencies through the delivery of financial investigations training. In addition, international cooperation is achieving excellent results in the restraining and repatriation of proceeds of crime that have been tracked to foreign jurisdictions.

CHAPTER 03 – PERFORMANCE REPORTING

ASSETS RESTRAINED

In the reporting period, \$21.8 million in assets has been restrained and a further \$13.5 million has been recovered. The introduction of the civil-based legislation has had an immediate and substantial effect on these figures with \$16.151 million of that amount being either restrained or sought under pecuniary penalty order since 1 January 2003.

Because of the six month retention period before restrained assets can be forfeited under the [Proceeds of Crime Act 2002](#), no assets restrained under the new legislation have progressed to forfeiture at this time.

The [Proceeds of Crime Act 2002](#) also provides for enhanced investigative tools, with 495 notices being given to financial institutions up to 30 June 2003. These notices allow investigators to seek indicator information from financial institutions and provide legal protection to those institutions making information available. Importantly, their use is restricted to proceedings under the Act.

A summary of the restraint of assets for 2002-03 is shown at Table C below.

TABLE C: RESTRAINT OF ASSETS: 2002-03

| | 2002-03 – value \$ million | 2001-02 – value \$ million |
|---------------------------|----------------------------|----------------------------|
| Restrained* | 21.8 | 25.2 |
| Recovered | 13.5 | 4.0 |
| Penalty Value of Orders** | 2.3 | 3.4 |
| Total | 37.6 | 32.6 |

* The court issues an order to prevent the disposal of an asset

** These are the combined value of Pecuniary Penalty Orders and Reparation Orders
Restrained assets represent the combined output from the [Proceeds of Crime Act 1987](#) and the [Proceeds of Crime Act 2002](#). The 1987 legislation continues to apply for actions commenced under that Act. Recovered assets are not limited to forfeitures under the [Proceeds](#) legislation.

PROCEEDS OF CRIME

SIGNIFICANT ACHIEVEMENTS

- > Under the [Proceeds of Crime Act 1987](#), property with an approximate value of \$522,000 consisting of land, house, vehicles and a small vessel was subject to statutory forfeiture in relation to a fraud on the HIC valued at \$700,000. The AFP investigation into this matter began in September 2001.
- > Property with an approximate value of \$420,000, consisting of cash, residential property, motor vehicle and vessel has been restrained in connection with a narcotics importation.
- > As part of a narcotics importation investigation, the AFP sought and was successful in getting a condemnation under the [Customs Act](#) of a yacht that was used to import cocaine.
- > Various restraining order provisions have been utilised under the [Proceeds of Crime Act 2002](#), with some significant examples including:
 - > A Section 19 asset directed civil restraint over a house being the proceeds of a foreign indictable offence valued at \$750,000. The property was previously unable to be dealt with under the 1987 legislation. It was restrained under the new legislation on the basis that it is under the effective control of the offender (who was in custody in the USA) and that the offender had committed a serious offence in the past six years.
 - > A Section 19 asset directed civil restraint over \$290,000 in cash suspected of being the proceeds from a narcotics importation.
 - > A Section 17 person directed, indictment based restraint of \$73,000 in undeclared excess currency.
 - > A Section 19 asset directed civil restraint over \$398,000 in cash seized in Germany from a UK citizen who transited Australia. German authorities had no legal basis to hold the money beyond one month. The money is suspected to be from a narcotics importation into Australia. There was also a failure to declare excess currency on departure from Australia.

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AUSTRALIAN HIGH TECH CRIME CENTRE

The fight against high tech crime has gained momentum around the world, and nationally-based initiatives which also support local law enforcement are seen as an effective means of meeting the high tech crime challenge.

The concept of an Australian High Tech Crime Centre (AHTCC) was introduced as a tasking in the workplans of the Police Commissioners' Conference E-Crime Strategy. The tasking called for an examination of the viability of establishing a genuine cooperative Australasian prevention and response capacity. In November 2002, the Australasian Police Ministers' Council (APMC) considered an options paper for the establishment of an AHTCC and subsequently agreed on the need for a centre and adopted the AFP-hosted model as the preferred option.

The role of the AHTCC is to:

- > provide a national coordinated approach to combating serious, complex and/or multi-jurisdictional high tech crimes, especially those beyond the capability of single jurisdictions;
- > assist in improving the capacity of all jurisdictions to deal with high tech crime; and
- > support efforts to protect the National Information Infrastructure (NII).

The AHTCC was formally launched by the Minister for Justice and Customs, the Hon. Chris Ellison on 2 July 2003. The day-to-day management of the AHTCC is the responsibility of its Director, who reports to a Board of Management comprising all Australian Commissioners of Police. The Board of Management will set overall policy directions for the AHTCC, approve its priorities, determine strategic directions, ensure political and operational accountability, and review the AHTCC's performance. The AHTCC will be staffed by secondees from all police jurisdictions, with a core of members being provided by the AFP's High Tech Crime Team.

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ELECTRONIC CRIME

The ability of law enforcement agencies such as the AFP to effectively operate in the electronic environment requires a strong cooperative framework, both nationally and internationally. The AFP is represented on a number of groups that assist in ensuring this cooperative environment and which have undertaken significant work during the reporting period. In line with the international trend to recognise electronic and computer forensics as a distinct forensic discipline, the AFP moved its Electronic Evidence teams into Forensic Services and renamed them Computer Forensic Teams.

NATIONAL ACTIVITIES

On a national level, the AFP was involved in the following ongoing projects during the reporting period:

- > the Action Group into the law enforcement implications of Electronic Commerce, which was convened by the Heads of Commonwealth Operational Law Enforcement Agencies (HOCO-LEA). During this period, this group refocused its agenda to ensure continuing viability. This activity saw the creation of several focus groups covering investigations methodology; legal, policy and technical developments; and the financial sector. Work continued with the Internet Industry Association as it finalised a code of practice for Internet Service Providers (ISPs), directed at minimum record keeping standards and appropriate support of law enforcement (and other agency) investigations;
- > the Police Commissioners' Conference e-Crime Project, which drives the e-Crime Strategy. The AFP continued as a member of the eCrime Steering Committee, the e-Crime Working Party (ECWP), and significantly was part of an ECWP sub-group which drafted an options paper for the creation of an AHTCC. As a result of the decision to create an AHTCC, it has been agreed by Commissioners that the e-Crime Project and responsibility for the e-Crime Strategy be handed over to the AHTCC;
- > the e-Security National Agenda, a Commonwealth initiative directed at achieving a secure and trusted electronic operating environment. The AFP continued as a member of the two major interdepartmental working groups created to underpin Commonwealth security arrangements,

that is the e-Security Coordination Group and the Critical Infrastructure Protection Group;

- > the Business-Government Task Force on Critical Infrastructure Protection. The AFP was invited to sit on this task force, which was convened by the Prime Minister prior to the Leaders' Summit on Terrorism and Multi-Jurisdictional Crime on 5 April 2002. This task force made several recommendations to the Prime Minister. During the reporting period, the recommendations were agreed in a whole-of-government response, and progress on implementation has seen the creation of the Trusted Information Sharing Network (TISN). The TISN is intended to allow the owners and operators of critical infrastructure to share information on important issues such as business continuity, consequence management, information system attacks and vulnerabilities, e-Crime, protection of key sites from attack or sabotage, chemical, biological and radiological threats to water and food supplies, and the identification and protection of offshore and maritime assets; and
- > a major component of the e-Security National Agenda is realising coordinated arrangements for protection of the NII. The key functional groupings 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 is partnered in this process through formal joint operating arrangements with ASIO and the Defence Signals Directorate. The AFP has been granted supplementary funding of \$6.8 million over four years from 2002-03 to support its e-Security responsibilities.

During 2002-03, the AFP partnered with the Australian Computer Emergency Response Team (AusCERT), QPS, Western Australia Police Service and South Australia Police (SAPOL) in the 2003 Australian Computer Crime and Security Survey, conducted annually. The survey provides a unique and valuable insight into the level, nature and complexity of, as well as the damage caused by, IT security incidents against Australian business. With the support of AusCERT, the AFP hosted

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a conference immediately following the AusCERT annual international IT Security Conference. The AFP conference targeted national and international law enforcement and Computer Emergency Response Team personnel and addressed the issue of investigating in the technology age.

During the reporting period, the AFP participated in a multi-agency working group convened by Standards Australia to produce guidelines for the handling of IT evidence. Production of this guideline has been sponsored by the AFP and the Attorney-General's Department. The handbook provides guidance on the management of electronic records that may be used as evidence in judicial or administrative proceedings. The AFP also pursued bilateral partnering initiatives with the UK National Hi-Tech Crime Unit, which saw the short term secondment of a Crime Unit officer to the AFP.

The supplementary funding of \$6.8 million over four years has been used to employ a range of members to improve the AFP's capacity to respond to, analyse and disrupt incidents against the NII. For example, during the period, the AFP employed a computer hardware specialist within the Technical Operations portfolio to develop specialised equipment and devices to assist High Tech Crime and Computer Forensic Teams in their investigations and advertised a hand held computer specialist position to assist teams in their investigations of Personal Digital Assistants and similar devices used to store information and data. Supplementary funding, which previously had been assigned to the AFP's High Tech Crime Team, has been used to form the core funding for the AHTCC. The funding has also been used to equip a computer hardware specialist and for systems development and testing purposes.

INTERNATIONAL ACTIVITIES

During the reporting period, the AFP continued to participate in the following international arrangements:

- > the G8 Subgroup on high tech crime 24-hour point of contact network for requesting assistance on high tech crime matters. The contact point network now encompasses 29 countries. The AFP's National Assessment Centre is the central point of contact for Australia;
- > the Interpol Central Reference Point regime for computer-related crime; and

- > the International Hardware Investigators Conference held in Bonn, Germany. Participants discussed techniques developed to enter new Personal Digital Assistants and similar data storage devices that have emerged over the last 12 months.

TRAINING

The AFP continued delivery of its Tier 1 training program to improve the electronic crime investigation skills of its members with approximately 260 people undertaking training across the AFP. This program covers investigative and information gathering techniques and basic forensic procedures for searching for and seizing information from electronic media. During the period, the AFP also scoped its requirements and developed learning outcomes for its next level of e-crime (Tier 2) training, which will incorporate investigative and electronic forensic skills. The development of specialised training in network attack monitoring was contracted out to AusCERT and a pilot course run with six participants.

ELECTRONIC CRIME REFERRALS

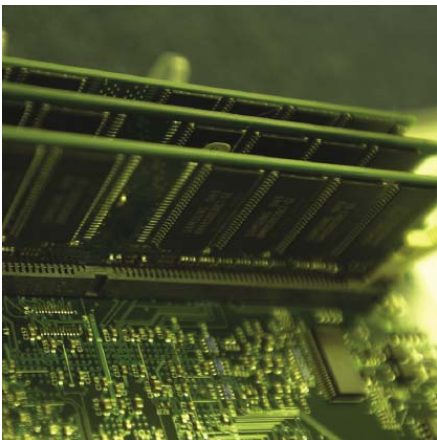
The AFP receives electronic crime referrals from a range of sources including international law enforcement agencies, government departments, organisations, companies and individuals. The AFP received 301 referrals in 2002-03, approximately 61 per cent of which related to child pornography and paedophilia activity on the Internet. Of these referrals, 22 per cent was from the Australian Broadcasting Authority (ABA) regarding potentially prohibited Internet content based outside Australia. Other common types of electronic crimes referred to the AFP included threats and harassment over the Internet (11 per cent), intrusions or unauthorised access to computer systems (hacking) (nine per cent), denial of service attacks, spamming and referrals relating to Internet viruses (eight per cent) and other offences such as fraud, intellectual property and the sale of illegal items via the Internet (11 per cent).

ELECTRONIC CRIME

SIGNIFICANT ACHIEVEMENTS

- > In March 2003, the AFP responded to the unauthorised mirroring of the Commonwealth Bank Internet banking Web site. The suspect(s) constructed a false Web site purporting to be the legitimate Internet banking site. Emails were sent to customers directing them to the Web site and requiring them to access the site and enter their account numbers and password; the reason given was an upgrade in security. The suspect(s) captured the usernames and passwords that were then used to access the accounts of 70 customer bank accounts. Funds from 12 customers were then transferred to an account belonging to a Sydney-based person. This person was arrested by NSW Police and the AFP in a Sydney bank in mid-March 2003 while attempting to withdraw the siphoned monies.
- > In March 2003, an investigation commenced into the computer systems belonging to two sites of a company based in NSW which had been compromised by a computer hacker. The estimated cost of this intrusion is \$500,000. This matter has caused a large loss and potential collapse of an ISP in Sydney. The AFP investigation is continuing.
- > In April 2003, the AFP and SAPOL commenced an investigation into the illegal transfer of funds from ANZ Bank customer accounts. The AFP identified a suspect after an attempt was made to collect the illegally transferred funds. In May 2003, a search warrant was executed on the home of the suspect; a juvenile was questioned and subsequently charged under s. 400.7 of the Criminal Code Act. This section makes it an offence to deal in the proceeds of crime. This is believed to be the first time that an arrest has been made under legislation that specifically targets the proceeds of crime. The juvenile is to appear in court again in August 2003.

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FRAUD

During 2002-03, the AFP continued to maintain the role specified for it in the Commonwealth Fraud Control Guidelines of investigating serious and complex fraud committed on Commonwealth agencies or their programs. Incidences of fraud reported to the AFP from these agencies continue the trends identified in previous years, with the most significant the referral of more organised and multifaceted frauds. The majority of complex frauds referred to the AFP are from high benefit payment or revenue collection agencies. These agencies may be targeted by organised groups or syndicates in the belief that there is the potential to gain higher returns for their crime.

Clearly, changing technologies have also led to changes in the methods used to commit frauds. The misuse of corporate credit cards which has been identified in recent times may be explained by the increasing prevalence in the use of credit cards as a means of payment for travel and expenditure across Commonwealth agencies.

The crime management strategy for economic crime focuses on information collection, intelligence gathering and analysis. As a result of these activities, the AFP is developing a better understanding of the economic crime environment and is better able to place itself and its clients to deal with emerging issues. This understanding is being achieved through the more focused use of strategic partnerships with other agencies and the effective use of outposted officers. The success of these measures is confirmed by the results of the 2002 Client Satisfaction Study (reported in more detail under Performance measure 2).

FRAUD

SIGNIFICANT ACHIEVEMENTS

- > In October 2001, a joint investigation between the AFP and the ATO into an organised crime syndicate, involved in the illicit trade of tobacco ('chop chop') commenced. It resulted in the arrest of a suspected significant organiser in August 2002 and the identification of a further 10 suspects. The following items were seized: 12 bales of tobacco (with an estimated value of \$321,000 in avoided excise), 155 grams tobacco seed (with an estimated value of \$48 million in avoided excise) and a truck involved in the transport of the tobacco. One person has been committed to stand trial on charges relating to the unauthorised possession of tobacco seed contrary to the Excise Act 1901, at a date to be set.
- > In December 2001, a matter was referred to the AFP from the ATO alleging false Business Activity Statements to the value of approximately \$900,000 by a registered company trading in South Australia (SA). In June-July 2002 the AFP arrested and charged three principals who are due to appear before the court in September 2003.
- > As a result of a referral from DIMIA in relation to an alleged identity fraud, in March 2003 the AFP executed warrants and seized eight fraudulent Indonesian passports, one fraudulent New Zealand passport, 10 Indonesian and two New Zealand bio-data pages, materials to manufacture further false identities, 19 credit/ATM cards and seven Medicare cards in various names. Three suspects have been charged with passport offences and are to re-appear before court in June 2003.
- > In May 2003, following the execution of 58 search warrants across the Sydney metropolitan area, six arrests were made of people allegedly implicated in a major taxation fraud involving the production of approximately 170 fraudulent income tax returns. Requested refunds total \$2.1 million, of which \$1.5 million has been paid out.

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As has been widely reported, there has been a growing concern within law enforcement agencies in Australia about the use of false identities to perpetrate different forms of crime. Changes in technology in the past 10 years have increased the availability of false identification documents and anecdotal evidence suggest there has been a corresponding growth in their use to facilitate all types of criminal activity.

In the past 12 months, the AFP has received a number of fraud referrals where false identities have either been used to facilitate a crime or to hide the identity of the offender. Areas where false identities have been identified include claiming benefits and returns against manufactured identities and in the use of false documents to create new real identity documents such as passports and drivers' licences. Increased scrutiny of identification documents in the current security environment has led to an increase in the detection of false or altered documents.

The AFP continued to direct resources to high impact investigations in an effort to counteract the activities of persons involved in committing fraud against the Commonwealth. As the examples listed under 'Significant achievements' show, the AFP continues to work cooperatively with partner agencies in undertaking many of these investigations under joint agency agreements.

FRAUD

SIGNIFICANT SENTENCING DECISIONS

- > While conducting Goods and Service Tax compliance audits, the ATO discovered a motor vehicle dealership had failed to remit sales tax for the 1998-2000 financial years. The outstanding sales tax was being diverted to one of the company directors' bank accounts. As a result of the investigation which commenced in November 2001, the director was charged in February 2002 with defrauding the Commonwealth to a value of approximately \$3 million. In October 2002, the director was sentenced to three years imprisonment with a non-parole period of six months and to be of good behaviour for three years.
- > In November 2002, a person was convicted in the Townsville District Court in relation to an offence under the Excise Act, after being found to be in possession of 26 bails of unprocessed tobacco. The person was sentenced to 15 months imprisonment, to be released after serving six months.
- > In February 2003, as a result of a joint operation with the ATO, a person appeared in the Maroochydore District Court where they were sentenced for offences relating to the preparation and submission of false tax returns to the ATO over a period of time that they were in prison. The person was sentenced to three years imprisonment with nine months to be served cumulative with other sentences, and ordered to repay \$39,492.70.
- > In March 2003, an Australian was sentenced to eight years imprisonment for their role, in conjunction with others, in fraudulently claiming \$467,733 in benefits from Centrelink. The fraudulent claims were facilitated by the use of false identities and amounted to \$11,594 per month.
- > In April 2003, a Darwin resident was sentenced to three and a half years imprisonment to serve a minimum of 18 months, for defrauding \$175,616.25 from Centrelink for a sole parent pension that they were not entitled to. The resident was also sentenced to a further 18 months imprisonment to serve a minimum of 12 months for obtaining \$25,690.32 from the Northern Territory Department of Education to which they were not entitled.
- > In May 2003 a Kingaroy resident was convicted in relation to one count of fraudulently obtaining and one count of attempting to defraud the Commonwealth in relation to obtaining income credits from two ATO Business Activity Statements to the value of \$832,554.49. As a result of proceeds of crime action, the monies were recovered. The resident was sentenced to two and a half years and 18 months respectively to serve eight months.

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INTELLECTUAL PROPERTY

The AFP investigates serious or complex criminal offences involving the infringement of intellectual property. To complement its investigative activities, the AFP has continued to commit intelligence resources and chairs the Intellectual Property Rights Consultative Group formed in 2001.

This group includes representatives from Customs, ACC, Australian Institute of Criminology, the Director of Public Prosecutions (DPP), the Attorney-General's Department (AGD) and a number of State and Territory police services. Representatives from industry include software, music, entertainment, toys, and sporting goods interests. The group works together to facilitate the exchange of information and ideas and explores new ways to deal with abuse of intellectual property.

INTELLECTUAL PROPERTY

SIGNIFICANT ACHIEVEMENTS

- > In March 2003, the AFP participated in the largest seizure of counterfeit clothing items in Australia. This followed a joint agency investigation between the AFP,ATO and Centrelink into a possible syndicate of Russian/Ukrainian persons involved in the manufacture and sale of counterfeit clothing labels. Twelve search warrants were executed across the Sydney metropolitan area resulting in the seizure of approximately \$5 million of counterfeit and unprinted clothing items. The investigation is continuing.
- > An investigation relating to a copyright distribution network that distributes copyright music via MP3 (a standard technology and format for compressing sound sequences into very small files) over the Internet contrary to s. 132 (2)(b) of the Copyright Act is currently in brief preparation. This matter is rated by music industry complainants as potentially worth \$70 million. Search warrants were executed in WA, Victoria and NSW. In NSW, three people have been charged with breaches of the Copyright Act.

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SPECIAL REFERENCES

Sensitive referrals which could impact on good government are received for investigation by the AFP. The referral of such matters, which are typically forwarded by government or Heads of Commonwealth agencies, are managed in accordance with the requirements specified in the Commonwealth Fraud Control Guidelines.

Head Office Investigations (HOI) is a specialised team of investigators in AFP Headquarters. During the reporting period, HOI received 27 new referrals for investigation. A further 14 matters were carried over from the last reporting period which remain the subject of investigation or judicial process. The scope of offences investigated by HOI includes espionage, corruption, unlawful disclosure of information, war crimes and crimes against humanity, improper use of entitlements and Australian Electoral Commission referrals. HOI also assisted in a number of terrorism-related investigations and provided specialist advice to other government agencies. This advice included providing Quality Assurance Reviews (QARs) of their investigations.

The unlawful disclosure of sensitive information continues to be a matter of concern for the AFP and government. Many of these offences result from a breakdown of document management procedures stipulated in the Commonwealth Protective Security Manual. These disclosures often have wide distribution within the media and are often committed under the guise of “whistleblowing”. They are particularly serious where the disclosed material has a real or potential impact on Australia’s national and international security and intelligence sharing arrangements. The AFP is developing a comprehensive presentation on unauthorised disclosures for distribution to clients and stakeholders.

SPECIAL REFERENCES

SIGNIFICANT ACHIEVEMENTS

- > During the reporting period, the AFP investigated the theft of a number of blank passports en route from the former Australian Government Printing Service. Following a joint investigation with DFAT, information was passed through the AFP’s International Network to the police service of a third country, resulting in the arrest of 10 suspects.
- > An investigation into the theft of \$8.725 million from the Department of Finance and Administration (DOFA) is continuing. One person has been convicted and sentenced while two alleged co-offenders are currently before the court.
- > During the reporting period, an investigation into alleged espionage-related activity by a former member of the Defence Intelligence Organisation (DIO) was completed. This joint investigation with ASIO resulted in two persons being successfully prosecuted. An appeal has been lodged against the leniency of the sentence of the former DIO officer.
- > The AFP arrested a suspect, who was subsequently charged with defrauding the Commonwealth of \$1.049 million while performing duties as a consultant. The investigation is continuing.

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EXTERNAL TERRITORIES

On 14 October 2002, the responsibilities for the management and policing of the External Territories of Cocos (Keeling) Islands, Christmas Island, Norfolk Island and Jervis Bay were transferred to Output 1.1 Investigation Services from Output 1.3 International Services. This realignment of the services better reflected the output of this area. Monitoring of these arrangements will continue.

The primary function of the AFP in each of the Territories is community policing but, from time to time, matters of national importance are also investigated such as the arrival of suspect illegal entry vessels transporting unlawful non-citizens and the importation of narcotics. Regulatory functions such as immigration, customs, quarantine and motor vehicle registry are also performed in some locations. The AFP is represented on local committees including the Counter-Disaster Committee in the capacity of Territory Controller, the Airport Advisory and Security Committees and other meetings as circumstances require.

Staffing in the Territories consists of sworn members and locally engaged special/staff members. Special members are appointed from the local community primarily to assist the AFP with community policing and regulatory functions as well as providing an insight into the local culture.

In fulfilling its service delivery requirements, the AFP liaises closely and regularly with the major stake-

holders, including the Department of Transport and Regional Services (DOTARS), the Shire Councils of the Cocos (Keeling) Islands and Christmas Island, the Norfolk Island Government and the Wreck Bay Aboriginal Community. 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. This level is continuing to improve as the AFP implements initiatives to enable it to better focus its resources on community policing issues.

Summary details of the number of offences reported in the period 1 July 2002 to 30 June 2003 for Christmas Island, Norfolk Island and Jervis Bay can be found in [Table 5 in Appendix 1](#).

COCOS (KEELING) ISLANDS

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

The AFP is responsible for community policing services, and customs, immigration and quarantine functions and provides the first point of contact for all suspect illegal entry vessels and unlawful non-citizen arrivals on the Cocos (Keeling) Islands. There have been no arrivals of suspect vessels in 2002-03.

In the 2001-02 Annual Report, it was noted that the AFP was 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 could concentrate on delivering a quality community policing service. In 2002-03, one full-time special member performed these functions and it is envisaged that two more members will be engaged by September 2003.

Negotiations are still continuing for the transfer of the motor vehicle registry function to the Cocos (Keeling) Islands Shire Council. A graduated handover is to commence towards the end of 2003.

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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.

In 2001-02, two Customs officers were permanently located on the island. They were co-located with the AFP in the Christmas Island Police Station until the new Customs premises were opened in October 2002. 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.

The 2001-02 Annual Report indicated that the AFP, with the Western Australian Department for Planning and Infrastructure and DOTARS, was negotiating to transfer the motor vehicle registry function, which the AFP currently manages, to the Christmas Island Shire Council. This transfer has been delayed due to the development and implementation of the motor vehicle registry hardware and software systems. DOTARS anticipates that this should be in place early in 2003-04 when the responsibilities will be fully transferred to the Christmas Island Shire Council.

The staffing situation in 2001-02 on Christmas Island was under review, as a result of the advent of the Asia Pacific Space Centre's commercial satellite launch facility and the construction of a permanent detention centre. As the Space Centre has not progressed and the detention centre is now subject to a re-tendering process, staffing levels should remain the same.

Two arson incidents occurred at the Christmas Island Immigration Reception and Processing Centre, on 8 December and on 31 December 2002. In the first incident, an accommodation block was destroyed. Four suspects were identified with one person being arrested and later appearing in court. The matter was held over and subsequently all four persons were returned to their country of origin. In the second incident, a large army tent and the recreation/meal room were destroyed but no offenders were able to be identified.

NORFOLK ISLAND

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

On 15 February 2003, Norfolk Island Police commenced an investigation into the arson of a partly constructed dwelling valued at \$500,000. In the early stages, two AFP crime-scene examiners travelled from Canberra to collect and analyse samples from the crime scene. This investigation is continuing.

On 31 March 2002, Norfolk Island Police commenced an investigation following the discovery of the body of a young woman near the Cockpit Waterfall Reserve. This investigation received widespread national and international media coverage, with the Norfolk Island Government offering a \$50,000 reward for information about this event.

The level of investigative resources has fluctuated, with three senior Detectives from ACT Policing continuing to investigate this matter.

JERVIS BAY

AFP staffing consists of a sergeant (officer-in-charge) and two full-time constables and one part-time constable.

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, with strong ties forged with the Wreck Bay Aboriginal Community. The AFP is represented on the Justice Advisory Group, responsible for examining legal issues affecting the Wreck Bay community.

The AFP is actively involved in monthly meetings with residents to discuss community needs, services and events planning and is also represented at the Jervis Bay and Shoalhaven emergency management meetings, held quarterly to discuss and review emergency management plans.

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TECHNICAL OPERATIONS

Technical Operations supports the detection and investigation of crimes such as terrorism, drug importation, high tech crime, people smuggling and money laundering and comprises the Police Technical Teams (PTTs), Telecommunications Interception Division (TID), Telecommunications Interception Electronic Surveillance (TIES) and Technical Support.

In 2002-03, Technical Operations has focused on developing professional accountability, efficient and effective team management and leadership to deliver high quality results, particularly at coordinator and team leader levels.

REVIEW AND RESTRUCTURE

Restructuring of key roles within Technical Operations commenced during 2003. TID has been realigned to focus on broader AFP outcomes and to strategically link with analysts in the Transnational Crime Coordination Centre (TCCC). The Technical and Forensic Steering Committee has been created to develop and oversee joint technical, high tech crime and forensic projects. The Steering Committee will align with the Australian High Tech Crime Centre (AHTCC) to jointly consider and develop projects and to identify technologies which may be adapted for law enforcement purposes.

The operation of the PTTs are being reviewed to ensure that current capability, resources and strategies comply with corporate outcomes and outputs.

An AFP member was seconded to Technical Operations to develop the AFP corporate response to issues raised in the strategic policy review of AFP national physical surveillance. The review has now been completed and identified the need for national surveillance coordinators in the various business units to provide a forum to ensure national consistency in training, equipment purchases, best practice, and development of programs.

AFP local business units will maintain full responsibility for the day-to-day control and operational deployment of surveillance members in accordance with their priorities. Surveillance resources remain available for national investigations, when their activities will be jointly managed by local business units. The review also considered strategies to more effectively attract and retain suitable surveillance members and

examined various supporting technologies for surveillance.

POLICE TECHNICAL TEAMS

The Police Technical Teams (PTTs) are based in six locations around Australia and are responsible for conducting covert technical operations in support of investigations, both in Australia and overseas. The functions of the PTTs include project management, technical specialties, covert technical surveillance providing audio, imagery or tracking product on targets, equipment procurement, training and policy development.

During 2002-03, the PTTs provided extensive technical support to the investigation of the Bali bombings, to drug trafficking and people smuggling investigations and to assist security in sensitive areas during periods of high threat.

The PTTs also provide training to AFP's law enforcement partners in Australia and overseas, with nine courses for internal and external students during 2002-03.

TELECOMMUNICATIONS INTERCEPTION DIVISION

TID serves AFP operational teams by:

- > processing affidavits and warrants issued under the [Telecommunications \(Interception\) Act 1979 \(the Act\)](#), the [Customs Act](#) and the [Australian Federal Police Act](#);
- > arranging the provisioning of Part VI warrants issued to the AFP under the Act; and
- > monitoring intercepted telecommunications product and disseminating relevant product to those who are authorised to receive it.

TID also serves other agencies by provisioning warrants under the Act.

Telecommunications interception continues to be a highly effective and flexible law enforcement tool. The extent to which the AFP's officers have complied with the provisions of the Act is scrutinised by the Commonwealth Ombudsman's Office twice yearly. The AFP is also required to report regularly to the Minister for Justice and Customs with details of warrants issued to

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the AFP, the seriousness of the offences investigated and information about the use made by the AFP of the information obtained by the interception. The use of the provisions of the Act by the AFP grew in 2002-03 primarily as a result of the growing number of cases where criminal organisations are utilising multiple telecommunications media to facilitate their criminal activity. The AFP continues to fulfil its supervisory function over other law enforcement agencies, as defined by the Act. For instance, the AFP must transmit an enabling notification to a telecommunications carrier on receipt of a copy of a valid Part VI warrant issued to the eligible agency and copied to the AFP before any interception can take place.

ENGINEERING ADVICE

Technical Operations liaises with Commonwealth and State law enforcement and security agencies regarding technical cooperation, development of engineering standards and engineering contracts on behalf of the AFP and Australian law enforcement agencies more generally. The [Telecommunications Act 1997](#) covers the Australian telecommunications industry, in which services have quadrupled in the last ten years. As TI is regarded as a particularly intrusive form of electronic surveillance, the AFP ensures that regulation and monitoring are transparent.

As part of this process, Technical Operations participates in five national committees that meet regularly to regulate TI activities:

- > the National Telecommunications Interception Conference, an annual event chaired on a rotating basis that covers broad policy, legislative, technical, operational and telecommunications industry issues, which seeks to look ahead in the quickly evolving telecommunications industry;
- > the Inter-Agency Technical Group, chaired by Technical Operations, is the technical subcommittee of the National Telecommunications Interception Conference;
- > the Law Enforcement Advisory Committee, chaired by the Australian Communications Authority, which is a broad industry-agency interface covering not only interception issues but the whole range of assistance to agencies from carriers, carriage service providers and ISPs;

- > the Interception Consultative Committee, chaired by AGD, is the regulatory interface between the industry and agencies relating to the interception obligations on carriers, carriage service providers and ISPs; and

- > the Special Networks Committee, chaired by ASIO, which manages the contracts and MOUs between agencies and carriers that arise out of Interception Consultative Committee considerations relating to specific interception capabilities.

On behalf of the AFP and Australian intercepting agencies more generally (in the Interception Consultative Committee forum), Technical Operations assesses detailed statements of compliance with interception obligations from telecommunication carriers. Contributions are also made to the development of various national and international requirements and standards for law enforcement.

In 2002-03, the AFP has achieved the following with its share of the \$49 million funding over four years across AFP, ASIO and ACC (\$13.2 million over four years, or \$3.3 million per annum):

- > the technical capacity of AFP's existing TI monitoring system has been significantly increased to monitor the activities of criminal elements increasingly exploiting multiple telecommunications services at one time;
- > an additional monitoring team within TID has been employed, particularly to address the growing criminal and terrorist use of other communication media; and
- > contracts have been entered into (through the Interception Consultative Committee forum and the Special Networks Committee process) with several carriers, putting in place a range of new interception capabilities.

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TELECOMMUNICATIONS INTERCEPTION ELECTRONIC SURVEILLANCE

Covert technical surveillance is used throughout AFP investigations to gather evidence of criminal activity and intelligence. Since mid-2000, the Australian Crime Commission (ACC) and the AFP have collaboratively worked to replace their TI systems, with a common system. A Telecommunications Interception Electronic Surveillance (TIES) Board was established to represent and safeguard the corporate interests of the AFP and ACC and to maintain accountability to both agencies for management of the project.

Last year, as the first stage of a multi-part project to improve the ways in which evidence is covertly gathered and disseminated, the AFP commissioned a new TI system. The next stage of the TIES project will extend the functionality of the TI system to support the recording, monitoring and dissemination of a wide range of electronic surveillance product. The standardised management of all electronic surveillance product offers enhanced staffing and organisational efficiencies in managing operational activity, ensuring corporate accountability and meeting evidence preparation requirements.

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TECHNICAL SUPPORT

Technical Support manages and maintains the AFP's mobile radio communications systems and taped record of interview systems throughout Australia and develops highly technical electronic projects involving specialised equipment and systems for use by investigators. Technical Support comprises the Technical and Forensic team and the Electronic Projects Team.

In 2002-03, members of Technical Support have managed projects to upgrade mobile radio communications systems in Jervis Bay and on Cocos (Keeling) Islands and Christmas Islands. New specialised devices and systems to improve technical and physical surveillance techniques were developed which have enhanced the AFP's capacity to respond quickly to events in Australia and overseas.

In 2002-03, the Government provided funding of \$7.2 million over three years to the AFP to improve its rapid response capacity. The funding is for the ongoing costs associated with improved access to telecommunications infrastructure in remote locations and comprises \$4.5 million over three years for expenses and \$2.7 million over three years for capital. The project has been budgeted for in two components – Operations Support (\$1.360 million) and forensic services (\$0.640 million).

During 2002-03, the Operations Support component has placed orders for a 4WD vehicle and for two 6WD vehicles plus a trailer. The two 6WD vehicles and the trailer are to provide an air transportable operations support capability. The 4WD vehicle has been delivered by the contractor and is being fitted with specialist equipment prior to delivery to its end-user. The forensic services component has procured and taken delivery of a specialist vehicle capable of being transported by air.

Currently, specialist equipment is being identified for purchase before being fitted to the vehicle. The air transportable capability is still under construction.

Members of Technical Support represent the AFP at national and international forums such as the Intergovernmental Spectrum Harmonisation Committee and the APMC Spectrum Working Party which discuss technical and communications strategies which could be used to improve the use of technology in AFP operations.

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OTHER MATTERS

IMMIGRATION 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 the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA), signed on 1 February 2002, and with the AFP's s. 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 (other than in the ACT where the AFP performs a community policing role). Generally speaking, less serious incidents such as common assaults, indecent assaults, self harm, racial vilification, minor damage to Commonwealth property and theft are the responsibility of DIMIA and/or the State police services.

The Villawood and Perth immigration detention centres (IDCs) mainly accommodate over-stayers, people in breach of the visa conditions, etc, while the Port Hedland, Baxter, Woomera and Curtin Immigration Reception and Processing Centres (IRPCs) were used primarily for unauthorised boat arrivals. During 2002-03, the Curtin and Woomera IRPCs centres were decommissioned.

As noted in last year's Annual report, the AFP has been negotiating with DIMIA and the NSW Police on 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 IDC in Sydney. The AFP and DIMIA have agreed the draft protocol. Once DIMIA and NSW Police have agreed it, it is anticipated that the protocol can be signed by all parties. Before finalisation of the draft protocol, the AFP has responded, in accordance with the draft protocol, to major incidents at Villawood IDC. A separate bilateral agreement between DIMIA and SAPOL is currently being finalised for the provision of specified policing services to IRPCs detention centres in SA.

During the reporting period, 149 matters were referred to the AFP relating to incidents at the following IRPCs and IDCs: Baxter, Curtin, Perth, Port Hedland, Villawood and Woomera. Of these, 29 were accepted, 118 were rejected and two are under current evaluation. Of these 149 referrals, 85 related to property damage, 30 to alleged assaults on detention centre officers, three to alleged assaults by detention centre officers, nine to alleged assaults between detainees and one to an alleged assault by a teacher on a student. Ten referrals related to escapes or attempted escapes and one to a detention centre officer allegedly assisting an escape. The remaining 11 referrals related to diverse offences.

The AFP has continued to devote significant resources to the investigation of matters in detention centres. In the case of the Woomera IRPC and the Port Hedland IRPC, this has resulted in a significant commitment of limited AFP resources. This has inevitably impacted on the work that can be undertaken by the Adelaide Office and the AFP Resident Agent in Port Hedland.

IMMIGRATION DETENTION CENTRES

SIGNIFICANT ACHIEVEMENTS

- > In February 2003, five detainees escaped from the Villawood IDC in Sydney. During that escape, a detention officer was allegedly assaulted. Three of the detainees were recaptured a short time after their escape and were charged with offences under the Migration Act 1958. One person was also charged with damage to Commonwealth property under s. 29 of the Crimes Act. In May 2003, all three people were convicted and sentenced to three months imprisonment dating from the time of their arrest.
- > In February 2003, the Adelaide Office responded to an assisted escape of seven detainees from the Woomera IRPC. One detainee was recaptured a short distance away, whilst the remaining escapees were arrested by SAPOL during the following week. The AFP investigation into the matter has resulted in the arrest of a further three people for aiding and abetting the escape of the detainees. Inquiries are continuing.
- > In March 2003, two detainees escaped from the Baxter IRPC. The detainees were located by SAPOL and subsequently charged by the AFP with escaping immigration detention. The matters are scheduled to go before the court in September 2003.
- > In March 2003, it was alleged that seven detainees in Baxter IRPC smashed windows and glass sliding doors of their accommodation units. The seven detainees were arrested by the AFP and remanded in custody. Three of the detainees have entered pleas of guilty. Briefs of evidence are being prepared for the remaining four detainees who have been remanded in custody until September 2003.
- > The APS and AFP devoted considerable resources in relation to demonstration activity which was expected at the Baxter IRPC during Easter 2003. Under the operational command of the Director, Operations APS, the AFP and the APS worked closely together to ensure a highly integrated operation. Planning was undertaken by APS in partnership with AFP, SAPOL, DIMIA, Australasian Correctional Management and Customs, with approximately 100 APS officers deployed over the period. The AFP Adelaide Office took the lead intelligence role for the Commonwealth, with a number of information reports and intelligence packages being referred to SAPOL.

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TRANSNATIONAL SEXUAL OFFENCES

The AFP, as the Commonwealth's primary law enforcement agency, has responsibility for the investigation of transnational sexual offences. The AFP has established the Transnational Sexual Offences Team within the Transnational Crime Coordination Centre primarily to coordinate investigations, develop intelligence and liaise with other agencies in relation to transnational sexual offences, including:

- > slavery and sexual servitude as prescribed under the Criminal Code Act. The offences came into existence through the Criminal Code Amendment (Slavery and Sexual Servitude) Act 1999 and commenced on 21 September 1999; and
- > Child Sex Tourism through the Crimes (Child Sex Tourism) Amendment Act 1994, Part IIIA (s. 50).

The team is also responsible for monitoring, gathering and disseminating intelligence concerning child sexual predation and exploitation using the Internet.

CHILD SEX TOURISM

The AFP has taken a leading role in investigating allegations of paedophilia and in countering child sex tourism offences committed by Australians overseas. The AFP provides advice and training to overseas law enforcement agencies and collects intelligence on those people allegedly engaging in paedophile activity overseas to support prosecution action. The AFP investigates allegations received in relation to Australians suspected of involvement in paedophilia overseas and relays identified travel movements of such persons to host countries so that they can take investigative action; the AFP also contributes to international prosecutions. Liaison arrangements exist with all Australian law enforcement and related government agencies to facilitate the exchange of information on paedophilia and related activities.

Since the creation of offences in the Crimes (Child Sex Tourism) Amendment Act, 16 offenders have been charged by the AFP, 12 convictions have been secured, three prosecutions have been dismissed and one matter is currently before the court. Thirty matters were referred to the AFP in 2002-03 for investigation.

The Measures to Combat Serious and Organised Crime Act, Schedule 3 provides protections for child complainants and child witnesses in Commonwealth proceedings for sexual offences including:

- > limitations on the admissibility of evidence of the sexual reputation and sexual experience of child complainants and witnesses;
- > restrictions on the cross-examination of child witnesses;
- > provision for the use of facilities such as closed circuit television; and
- > restrictions on publishing details which could identify a child witness or child complainant.

The protections, designed to minimise the trauma of giving evidence and safeguard privacy and reputation, follow relevant Model Criminal Code provisions and are analogous to those already existing in many State and Territory jurisdictions.

In September 2002, the AFP established an AFP/Cambodian National Police Joint Transnational Crime Investigation Team in Phnom Penh, Cambodia (JTCIT). An AFP member acts in an advisory role to the five Cambodian National Police officers and one support officer assigned to the JTCIT. The team provides the AFP with a framework to facilitate the fight against transnational crime including sex tourism, slavery and sexual servitude.

CHILD SEX TOURISM

SIGNIFICANT ACHIEVEMENTS

- > In April 2002, the AFP received a request from Interpol London to locate a UK national wanted on warrant in the UK for offences committed in 2000 against the Indecency with Children Act 1960. In March 2003, the UK national came to notice when attempting to obtain Australian citizenship. The following day, the person was arrested as a result of a s. 12 (1) Extradition Act 1988 warrant and was remanded in custody. In June 2003, the UK national departed Australia in the custody of the UK police.
- > The AFP is dealing with a matter that relates to the requested extradition of an Australian national to Cambodia. There the person has been previously convicted of child sex offences and other associated matters, for which the person was sentenced to 10 years imprisonment. The matter is still before an Australian court with an extradition hearing set down for September 2003. Cambodia became an extradition country on 13 March 2003, allowing Australia to consider requests from the Cambodian Government for the extradition of people accused or convicted of child sex offences.
- > In September 2002, an Australian was arrested for offences against the Child Sex (Tourism) provisions of the Crimes Act in relation to an alleged assault of an eight year old Liberian girl in Thailand in December 2001. AFP members travelled to Thailand where, working in conjunction with the Royal Thai Police, they recovered evidence and interviewed the victim and several witnesses. The alleged offender was arrested and charged and is to face committal proceedings later in 2003.
- > In 2001, an investigation commenced into allegations that an Australian citizen was involved in sexual conduct with teenage boys in the Philippines. After an extensive investigation and the execution of a search warrant, the person was charged in July 2002 with 12 counts of committing indecent acts with a child under the age of 16 whilst overseas and one count of possessing child pornography (over 3,200 images were found). In May 2003 the person was sentenced to eight years imprisonment with a non-parole period of five years in relation to the former charges and to 12 months imprisonment on the latter charges.

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SLAVERY AND SEXUAL SERVITUDE

Since the passing of the new legislation, the AFP has investigated 32 matters referred to it. In 2002-03, the AFP investigated 20 matters, nine of which were referred by DIMIA. The remaining 11 matters were internally generated by the AFP. The majority of these matters did not disclose a case to answer or did not disclose a case with reasonable prospects of securing a conviction.

Given the nature of this type of offence and the methodology required to investigate it, it is essential that the AFP liaises and exchanges information with other agencies such as DIMIA, AGD, DFAT, AUSTRAC and State/Territory Police. The AFP has developed close liaison with DIMIA, in particular, through the signing of a service agreement in February 2002. The agreement, however, is not specific to sexual servitude matters but covers other related issues. The formulation of the Inter Department Committee on People Trafficking Issues will address any relevant issues that arise and provide a forum for communication and whole-of-government strategies.

AFP investigations have identified Asian countries, such as Thailand, as principal source countries for people being trafficked to Australia. Many of the organisers in Australia have roles within the criminal enterprise as brothel owners, recruiters or contract holders.

CHILD SEXUAL PREDATION AND EXPLOITATION USING THE INTERNET

The AFP identifies, monitors and coordinates the capturing of information and intelligence concerning child sexual predation and exploitation using the Internet. The use of the Internet is growing with the online availability of images depicting child sexual abuse freely available and accessible to the public. The availability of such images online represents only one aspect of the broader problems associated with the convergence of child sexual abuse, child pornography and Internet technology. From a societal perspective, each image represents the permanent record of the sexual abuse or exploitation of a child; the sharing of these images continues the abuse of those children.

Child sex offenders have unfortunately benefited greatly from the technology of the Internet. Their activities online include targeting and grooming of future victims, distribution of child pornographic images and facilitation of predatory acts against children themselves.

The perception of increased anonymity held by most online child sex offenders decreases the perceived risks of detection, substantially increasing their decisions to re-offend. Given that the use of child pornography and associated material is well documented in the development of child sexual abusers, the prevalence and accessibility of this material is of significant concern. Additionally, such material may be used to “normalise” sexual activity between adults/children and children/children and to gain silence by blackmail.

The AFP is actively involved in the exchange of information with domestic agencies such as the ABA as well as our international law enforcement partners through the AFP’s International network. The AFP Transnational Sexual Offences Team will be working closely with the recently established AHTCC to develop strategies to combat this activity.

CHILD SEXUAL EXPLOITATION

SIGNIFICANT ACHIEVEMENTS

- > In July 2002, a Brisbane resident was sentenced to nine months imprisonment, suspended for two years, with a \$3,000 recognisance, for importing child pornography. This investigation was commenced by the AFP after information was received from the United States Postal Investigation Service regarding an individual in Australia who was attempting to obtain pornography.
- > An investigation into the importation of child pornography from the USA commenced in May 2002 when a person based in Australia ordered a quantity of videos containing child pornography via the postal system. In July 2002, following a controlled operation and the execution of a search warrant, a suspect was arrested and charged with importing and possession of child pornography. In May 2003, the person was convicted and sentenced on each charge to a suspended two year term of imprisonment. The matter is currently subject to appeal.

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ENVIRONMENTAL CRIME

During the reporting period, the AFP became part of the Illegal, Unreported and Unregulated Fishing task force. The taskforce consists of representatives of the AFP, Australian Fisheries Management Authority, Defence, Customs, Department of the Prime Minister and Cabinet (PM&C), Office of National Assessments, Australian Antarctic Division, DFAT and the Department of Agriculture, Fisheries and Forestry, Australia. The Taskforce has been established in order to address the issue of the illegal fishing in the Great Southern Ocean.

The taskforce is to develop and implement an intensive campaign targeted at detecting, identifying and frustrating the commercial and operational activities of entities engaged in illegal fishing in the Heard Island and McDonald Islands exclusive economic zone. Its initial focus is on preparing advice for government on intelligence matters including the priority for intelligence collection and assessment of information on illegal, unreported and unregulated fishing and raising collection and assessment priorities to support the activities and patrol programs agreed by Cabinet. The taskforce is also to investigate and report on opportunities for the better use of existing Australian law and innovative uses of international law that might assist in meeting the Government's objectives in this area.

In June 2003, an agreement was signed with the Great Barrier Reef Marine Park Authority (GBRMPA) to outpost an AFP officer to address environmental crime issues, with particular focus on crimes impacting on the Great Barrier Reef and to assist in inter-agency coordination. The AFP member will commence in this position in early July 2003.

ENVIRONMENTAL CRIME

SIGNIFICANT ACHIEVEMENTS

- Since November 2001, the AFP has been conducting an Environmental Crime project from its Hobart Office. The aim of the project is to identify the extent and significance of environmental crime in Tasmania, to develop partnerships with various local, State and Commonwealth agencies and other stakeholders and to build the AFP's capacity and capability to investigate environmental crime. The University of Tasmania has played a significant role in this project. In May 2003, the AFP hosted a two-day workshop with approximately 70 stakeholders, covering issues ranging from specific case studies to information sessions on various agencies roles, responsibilities and capacities. The workshop also focused on building operational capability with sessions being delivered by the AFP on intelligence, investigational techniques and forensic services. Outcomes from the workshop included enhanced networks between agencies involved in combating environmental crime in Tasmania, a more developed understanding by the AFP of environmental crime in Tasmania and a greater understanding by the various agencies of the role of the AFP in this area.
- A matter relating to allegations that two Japanese tourists have committed offences against the Environment Protection and Biodiversity Conservation Act 1999, by causing significant impact on the World Heritage values of Lord Howe Island, is currently before the court. The investigation relates to the alleged collection and removal of 922 stag beetles endemic to Lord Howe Island in January 2003. Expert opinion suggests that this will result or is likely to result in significant damage to the local ecology. This is the first AFP investigation and Commonwealth prosecution in relation to such offences and demonstrates the positive relationship between the AFP, Environment Australia and Customs.
- In February 2003, a fishing vessel and a bulk carrier collided in Australian waters off Gladstone. The Master and Second Officer of the bulk carrier were subsequently convicted of offences against the Navigation Act 1912. The Master was fined \$6,000 and the Second Officer \$2,500. In May 2003, the unqualified Deck Hand, who was at the helm of the fishing vessel at the time of the collision, was convicted of an offence against the Navigation Act and fined \$1,000, in default 17 days imprisonment, with 30 days to pay.
- In May 2003, Club Med Lindeman Island was fined \$6,000 and required to pay court costs in relation to a discharge of between 700,000 to 1,000,000 litres of untreated sewage water/waste onto the Great Barrier Reef between 30 November and 8 December 2000.
- In July 2002 a 38,779 tonne Greek registered bulk carrier sailing from Gladstone with a cargo of coal, ran aground on Piper Reef in the Great Barrier Reef Marine Park in the vicinity of the Torres Straits. The damage to the reef was extensive and this particular area is listed as a Habitat Protection Zone. The recovery and refloating effort took several days. Following an investigation by the AFP with the assistance of the GBRMPA and the Australian Maritime Safety Authority, the Master, Second Officer, Ship's Pilot and the Corporation owning the vessel were charged with causing damage to the Barrier Reef contrary to the Great Barrier Reef Marine Park Act 1975. The matter is currently before the court.

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GENERAL CRIME

The AFP also investigates a wide range of matters categorised under the incident type 'General crime'. This incident type is used where no other incident type applies and includes offences relating to immigration, passports, the postal service, public order, illegal possession of credit cards and state offences. During the reporting period, the following General crime cases were considered to be of significance.

GENERAL CRIME

SIGNIFICANT ACHIEVEMENTS

- > In April 2002, the Hashemite Kingdom of Jordan issued a State Security Court warrant for the arrest of a Jordanian national wanted by authorities in relation to a large-scale fraud and embezzlement matter. It was alleged that, between 1998 and 2002, the Jordanian national defrauded four Jordanian banks of 95 million Jordanian Dinar (approximately \$250 million). After information was received from the Jordanian Government that the person may have entered Australia on a falsified Canadian passport, a person was arrested in May 2002. In September 2002, the Jordanian national was extradited to Amman, Jordan.
- > In August 2001, a UK national arrived at Sydney with 60 bundles of counterfeit Australian \$100 notes (\$600,200) secreted among layers of clothing. The person was arrested and charged with importing counterfeit currency under the Crimes (Currency) Act 1981. In August 2002, the person was sentenced to 12 months imprisonment backdated from the date of arrest.
- > In October 2002, a Nigerian national attempted to depart Australia for South Africa in possession of undeclared cash valued at \$205,203 and \$USD112,700. The person was charged with failing to declare excess currency (outwards) under the Financial Transaction Reports Act 1988. The person pleaded guilty and was subsequently convicted and fined \$8,000. A restraining order has been obtained in relation to the funds and forfeiture is currently being pursued.
- > In June 2000, a Hong Kong resident was arrested with three other people, all trying to depart Australia with more than \$100,000. Each of these matters has been settled in court with at least some forfeiture. In November 2002, full forfeiture of the funds, totalling approximately \$112,265, was granted against this resident.

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ASSISTING AUSTRALIAN GOVERNMENT AND OTHER AGENCIES

During 2002-03, the AFP continued its program of reviewing and negotiating service agreements with key agencies. Negotiation of a new service agreement with DOTARS was initiated. Negotiations with the ATO and ASIC on service agreements which commenced in 2001-02 should be finalised by the end of July 2003. The review and renegotiation of an existing service agreement with Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) was initiated. 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.

The AFP continued to promote and work with Commonwealth agencies in joint investigations to more effectively leverage its resources and better utilise agencies' knowledge of their legislation and programs. Commonwealth agencies that joint investigations were conducted with included: Australia Post, Australian Crime Commission (ACC), Centrelink, Customs, Department of Health and Ageing, the Department of Employment and Workplace Relations (DEWR), DIMIA, the Great Barrier Reef Marine Park Authority (GBRMPA) and the Health Insurance Commission (HIC). A number of these investigations are multi-agency investigations, such as those relating to the cash economy, involving Centrelink, the Australian Taxation Office (ATO), DIMIA, the relevant State police service and the AFP.

The 2002 Client Satisfaction Study (referred to in more detail under Performance measure 2) indicated an overall satisfaction rating of 86 per cent with joint investigations.

With the introduction of the Commonwealth Fraud Control Guidelines in May 2002, agencies are no longer required to submit their fraud risk assessments and fraud control plans to AGD and the 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 assists other Commonwealth agencies to

develop their capacity to deal with those matters that fall within their responsibilities under the Commonwealth Fraud Control Guidelines by providing advice to agencies establishing new internal compliance and investigational units. During the reporting period, advice was provided to agencies such as the National Health and Medical Research Council.

The AFP also assists Commonwealth agencies to develop and enhance their investigational capacity by outposting AFP federal agents to agencies. The outposting strategy gives agencies access to AFP expertise and facilitates the mutual transfer of skills and knowledge. The presence of these federal 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.

The AFP offers two types of outposting: Type A, primarily in the national interest, and Type B, primarily of benefit to agencies. The latter is negotiated on a case-by-case and cost-recovery basis. During the reporting period, the AFP outposted 60.8 members to 11 agencies compared with 79.5 members outposted to 14 agencies in 2001-02. This figure excludes those members in the External Territories, Timor Leste and Cyprus. In Queensland, two additional outpostings to DIMIA and the ATO are expected to commence in July 2003. Further details of outpostings in 2002-03 can be found in Table 37 in the Appendixes.

In 2002-03, the AFP commenced an environmental scan of the Kimberley and Pilbara region to ensure the most effective deployment of outposted members. This initiative will ultimately improve agency liaison and ensure that the AFP has effective representation in the northwest of WA. The strategy will also enable the AFP to better service its clients in remote areas, with a consequent increase in AFP's knowledge and intelligence of the area.

The AFP continued to provide pre-referral assistance and advice, including training, to a wide range of Commonwealth agencies. For instance, following an approach from an agency, the AFP provided a one-day presentation at five locations around Australia on the preparation and execution of s. 3E Crimes Act search warrants to facilitate that agency's application for and participation in search warrants.

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In 2002-03, the AFP continued to execute search warrants in support of agency investigations with a number of these warrants relating to significant operations. The AFP actioned 141 search warrant referrals from client agencies, with some referrals involving the execution of multiple warrants. These included one operation for Centrelink in NSW which involved 19 officers from Centrelink and DIMIA and 40 members of the AFP. During the year, the AFP's Western Operations assisted Centrelink by executing 20 arrest warrants which cleared a substantial proportion of outstanding matters before the court. These matters enhance the cooperation between agencies.

The national Client Service Team (CST) continued to seek client feedback on the quality, content and timeliness of Quarterly Case Management Reports (QCMRs), provided to clients that have referred major fraud matters to the AFP for investigation. This feedback, together with the quality assurance checking of all reports, has assisted in improving the standard of QCMRs and the awareness of AFP members of the importance of providing relevant and succinct information to client agencies. Assessments of QCMR quality are also incorporated in the AFP's Business Activity Analysis (BAA) process.

During 2002-03, the AFP continued to chair the Fraud Liaison Forum Steering Committee, which includes representatives from 10 other Commonwealth agencies. The Commonwealth Fraud Liaison Forum is a formal gathering of Commonwealth agencies which have an investigative and/or compliance function. The Forum is held quarterly to discuss technical and practical issues involving relevant legislation and best practice in Commonwealth investigations. The mission statement developed and adopted at one of the early gatherings is "Australian Government professionals working together for a common goal in the better interest of fraud prevention, detection and investigation". The Forum has continued to evolve over time, with the first Forum sponsored by the Aboriginal and Torres Strait Islander Commission, involving about a dozen agencies. The AFP's Learning and Development team hosted the Forum on 4 September 2002, attended by approximately 80 representatives of 43 agencies. The last Forum was hosted by the Commonwealth Scientific and Industrial Research Organisation on 12 March 2003 and was attended by approximately 105 representatives from 40 agencies. The AFP also utilises the Fraud Liaison Forum mailing list (which

includes 200 fraud prevention stakeholders) to disseminate information relevant to law enforcement and compliance agencies.

In September 2002, the AFP hosted the Commonwealth Investigations Conference in Melbourne, bringing together about 150 representatives from more than 30 State and Commonwealth agencies. The conference theme was 'Embracing the future together', and focused on the current challenges associated with transnational crime and the emerging technological environment. A similar conference was conducted in Brisbane in November 2002 involving participation by 85 representatives of 30 government agencies throughout Queensland. The theme of this conference was 'Collaboration in criminal investigations' with the focus being partnerships and a whole-of-government approach to addressing the nature of overlapping criminality in a changed environment.

The major review of the Commonwealth Fraud Investigation Standards Package (CFISP) continued in 2002-03. The review was initiated to ensure that CFISP reflected best practice and was in line with the revised Commonwealth Fraud Control Guidelines (issued in May 2002). In November 2000, HOCOLEA also requested that, in the absence of a Commonwealth Investigation Policy, a set of investigatory standards be developed for voluntary adoption by all HOCOLEA agencies. The AFP was asked to chair a working party to develop those standards.

HOCOLEA agencies and the agencies involved in the CFISP review endorsed a proposal that the tasks be undertaken as one project, which would result in a set of general investigation standards to be applied to a diverse range of criminal and regulatory investigations, irrespective of whether they are undertaken within the auspices of the Commonwealth Fraud Control Guidelines. The removal of the word 'Fraud' in the revised package – the Commonwealth Investigation Standards Package or CISP – reflects this decision.

Following a very extensive review and consultation process, a final draft was circulated for comment to Commonwealth agencies early in 2003. Only minor changes were suggested and these have been incorporated into the final draft, which HOCOLEA has endorsed in principle; however, no decision on how the document will be published or disseminated has yet been made.

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The Commonwealth Fraud Control Guidelines (Guideline 7.5) specifies the AFP's responsibility to conduct Quality Assurance Reviews of agency investigations. The QAR process is designed to assure government that agencies which investigate fraud-related matters are meeting the standards specified in CFISP.

During 2002-03, the AFP conducted nine QARs on seven agencies – the Aboriginal Hostels Limited, ATO, Australia Post, Centrelink, Civil Aviation and Safety Authority, DFAT and DIMIA. The QAR process is increasingly being viewed by agencies as a useful tool to improve investigative policies and practices within their agency. As a consequence, an increasing number of agencies are requesting that the AFP conduct a QAR, rather than the AFP making the approach. Four of the agencies reviewed this year approached the AFP to have the review conducted (ATO, Australia Post, Centrelink and DIMIA).

Overall, results of the QARs indicate that investigation standards across agencies are improving. Most investigators are appropriately trained and agencies are developing and implementing written policy and procedures in accordance with the requirements of the CISP. Exhibit handling, taped records of interview and the taking of witness statements continue to be the areas most deficient in agency investigations. The introduction of the new, more prescriptive CISP will assist investigators in achieving consistent and best practice standards. The format of QARs is currently under review to reflect the new standards of CISP.

During the reporting period, the AFP continued to assist other agencies in building their investigative capacity through the delivery of Management of Serious Crime (MOSC) programs. The four Australian-based programs were:

- > 'Managing the global threat' (Terrorism), MOSC 26, 16 June-12 July 2002;
- > 'Synthetics – destroying the fabric of our youth', MOSC 27, 20 October-15 November 2002;
- > 'People smuggling through identity fraud – technology vs. time', MOSC 28, 16 February-14 March 2003; and

- > 'Terrorism in the 21st century: a new dimension for global law enforcement', MOSC 29, 15 June-11 July 2003.

Sixty-six participants from policing agencies in Australasia and a number of Commonwealth and State law enforcement and regulatory agencies became MOSC graduates. Sixteen participants came from China, Germany, Indonesia, Iran, Lebanon, Malaysia, the Philippines, the Netherlands, New Zealand, Thailand, UK and USA. Each program 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 international program scheduled for Singapore in May 2003 was postponed due to the outbreak of the Severe Acute Respiratory Syndrome. The program is now expected to take place in August-September 2003 and will have as its focus 'Terrorism – regional threat, united response'.

Following a reconsideration of the MOSC program and its interconnections with other parts of the AFP, on 1 July 2003 MOSC will become part of the Learning and Development portfolio.

PERFORMANCE MEASURE 1:

Disruptive effect of AFP investigations on the criminal environment

MEASURES OF EFFECTIVENESS

The performance measures reported under the outcomes and outputs performance reporting framework in previous years have been further refined in the current period. In particular, attention has been given to assessing the impact of AFP operations on the Australian community and the reporting unit – the case – has been subject to greater refinement. Performance measures were developed to reflect the various stages of a typical criminal investigation, 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.

CHAPTER 03 – PERFORMANCE REPORTING

CASE REFERRALS

Case referral is the first step in the investigative process. New cases for investigation are either referred from an external source (usually a Commonwealth agency) or generated internally through intelligence gathering. During the reporting period, 4,191 criminal investigations were referred to the AFP for possible investigation, compared with 4,070 matters in 2001-02. Details of these referrals can be found in Table 4 in Appendix 1. Approximately 73 per cent of clients referring work to the AFP were satisfied with the AFP's acceptance of work referred. With internally generated investigations, 32 per cent resulted in the case going into a legal process, compared with 25 per cent in 2001-02.

CASE SELECTION

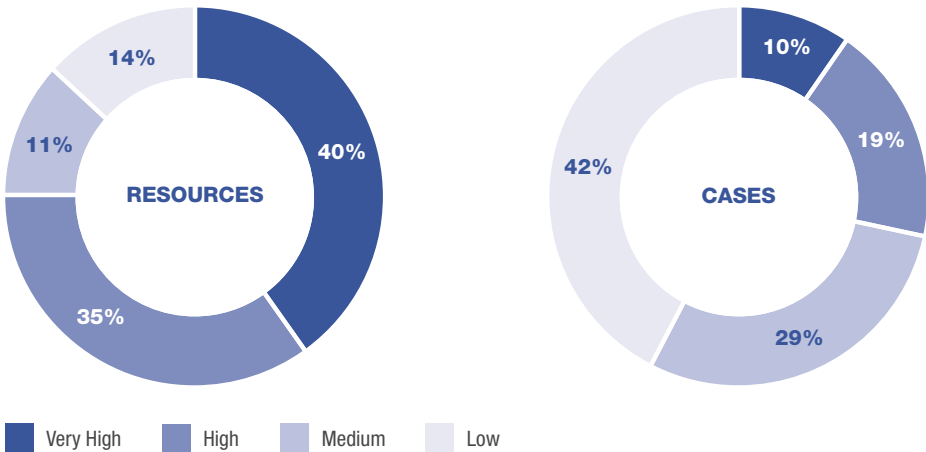
To ensure that resources are effectively applied to the highest priority work, the AFP uses the Case Categorisation and Prioritisation Model (CCPM). The CCPM provides a transparent, objective and consistent basis for evaluating and comparing operational activities from a range of perspectives and provides clients with a basis for considering matters before referral to the AFP. A measure of the importance of the matter to the client in achieving their objectives was incorporated in the CCPM in July 2002, following a period of extensive consultation with client agencies.

The decision to investigate a particular matter is made by an Operations Committee (OC) on the recommendation of an Operations Monitoring Centre (OMC). In making its recommendations to the OC, the OMC takes into consideration the target allocations (that is, the 'cocktail') for AFP investigative and financial resources against identified criminal activity (incident types) and the needs/expectations of clients. These are balanced against the AFP's assessments of the criminal environment derived through the crime management strategies. The CCPM has proved to be extremely effective in improving the quality, consistency, transparency and accountability of decision making in relation to the acceptance or rejection of matters.

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 42 per cent of all criminal investigations by number, during the year they accounted for only 14 per cent of AFP resources. By contrast, Very High and High impact cases comprised 29 per cent of criminal investigations and employed 75 per cent of resources and in doing so, comfortably met the AFP's PBS target of 65 per cent of available resources being devoted to Very High and High impact cases.

CHART 4: NUMBER OF INVESTIGATIONS AND RESOURCES ALLOCATED BY CASE IMPACT



CHAPTER 03 – PERFORMANCE REPORTING



INVESTIGATION

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

- > the number of criminal investigations resulting in a conviction;
- > the proportion of cases reaching court that result in a conviction; and
- > the proportion of cases reaching the legal process.

The number of investigations resulting in a conviction declined from 431 in 2001-02 to 370 in 2002-03. This decline was due in part to the AFP's policy of targeting serious and complex matters and, in part, to the reallocation of resources following the terrorist attacks on the USA in 2001 and Bali bombings in 2002. The percentage of cases brought to court resulting in a conviction remained high at 93 per cent in 2002-03 compared with 95 per cent in the previous year. The percentage of cases brought to the legal process declined slightly to 59 per cent in the current year from 64 per cent in the previous year.

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 80 per cent of clients believe the AFP achieved the client's objectives.

There were 209 fraud investigations finalised during 2002-03. It is estimated that the results of these investigations returned \$66.8 million in terms of fines, monies recovered and future losses avoided.

Another measure of outcomes achieved is the extent of proceeds of crime seized/restrained or forfeited. The results for 2002-03 are shown in Table C (page 70). In 2002-03, the AFP restrained assets to the value of \$21.8 million and a further \$13.5 million has been recovered.

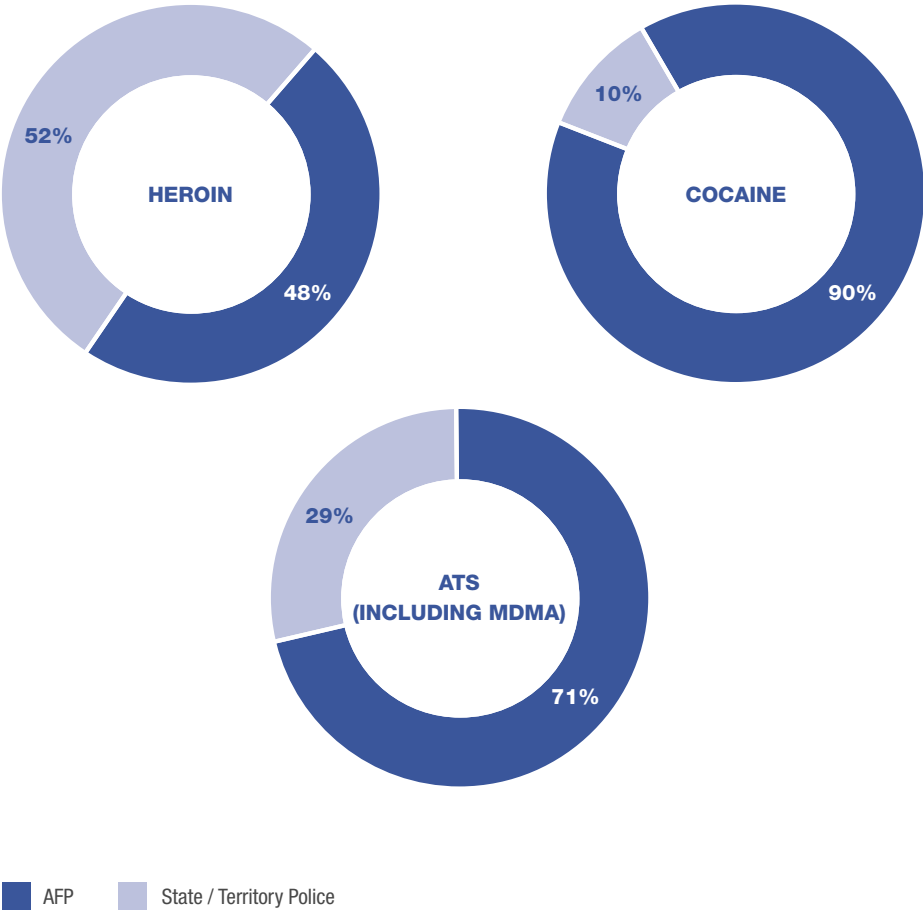
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BENCHMARKING ACTIVITIES

Based on information supplied in the Australian Illicit Drug Report 2000-01, the AFP conducted an international comparison of its drug law enforcement activities against law enforcement in North America, the European Union and globally. The study analysed 2000-01 for domestic comparisons and 2000 for international comparisons, and was restricted to the major drugs of importation. There are differences in the way illicit drugs are classified, e.g. domestically, 3, 4-methylenedioxymethamphetamine (MDMA) is often grouped with the amphetamines; internationally, it is not. The AFP, in partnership with other Commonwealth and international agencies, was responsible for the following proportions of drugs seized in Australia during 2000-01:

- > 48 per cent of heroin;
- > 90 per cent of cocaine; and
- > 71 per cent of Amphetamine-type stimulants including MDMA.

ILLICIT DRUG SEIZURES IN AUSTRALIA



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Law enforcement in Australia has had considerable success by world standards in intercepting heroin importations. When adjusted for total resident population, Australia maintained a higher heroin seizure rate than North America, the European Union and the world over the period from 1997 to 2000. From 1995 to 2000, heroin seizures increased by 278 per cent while Australia's heroin seizure rate has increased from 8.5kg of heroin per million resident population in 1995 to 30.4 in 2000.

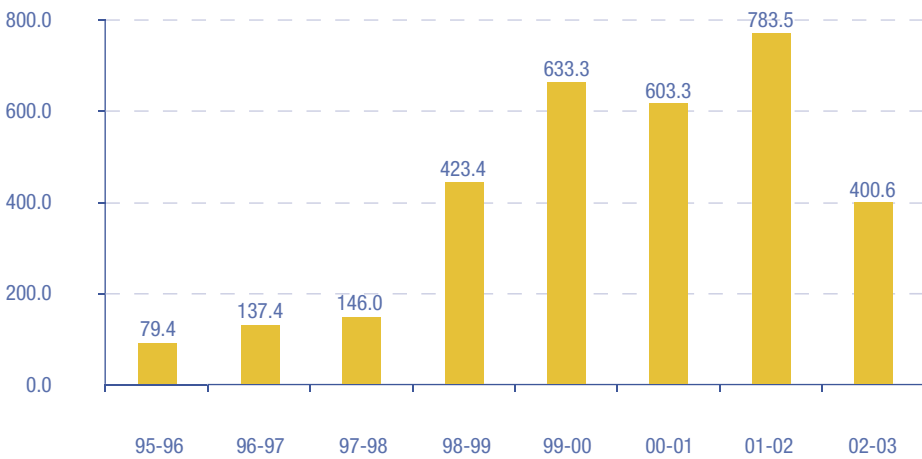
Before 2000, the AFP did not compare well in terms of cocaine seizures lagging behind North America, the European Union and the world. The position has changed recently. In 2000, Australia exceeded the global seizure rate and was not far behind that of the European Union.

Over the years, Australia has tended to compare well in terms of ATS (excluding MDMA) seizures. In 1995, 1996, 1999 and 2000, Australia's ATS seizure rate exceeded that of North America, the European Union and the world.

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 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.

CHART 5: TOTAL VALUE OF HARM AVOIDED DUE TO AFP DRUG SEIZURES (\$ MILLION)



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. The figure for 2001-02 included in the previous Annual Report has been revised in light of later laboratory results.

It is estimated that in 2002-03, seizures of illicit drugs by the AFP saved the Australian community approximately \$400.6million. The impact of these seizures is similar to the impact in each year since the introduction of additional funding for illicit drug investigations under NIDS in 1998.

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PERFORMANCE MEASURE 2:

CLIENT SATISFACTION WITH AFP INVESTIGATIONS

This key performance indicator (KPI) is the second of three indicators used by the Government to assess the effectiveness of its service delivery.

In January 2003, the third independent study of AFP client satisfaction – undertaken to gauge client attitudes and perceptions regarding services provided to them by the AFP – was finalised. A total of 470 clients in Australia and overseas were surveyed, compared with 302 clients in the 2000-01 survey. Interviews were conducted face-to-face (153 clients) and by telephone (317 clients). Those surveyed included representatives of Commonwealth and State government agencies, foreign embassies, diplomatic missions in Australia, and Australian diplomatic missions overseas.

Results indicate that levels of satisfaction with the investigation services provided by the AFP under Output 1.1 are still strong, with over eight in 10 to nine in 10 or more clients expressing satisfaction with service delivery during 2001-02. As foreshadowed in last year's Annual report, the drop of eight per cent in overall satisfaction level terms (from 97 per cent in 2000-01 to 89 per cent in 2001-02) was attributed by clients to a perception that the AFP has re-focused its investigational resources to address an increase in terrorism and people smuggling activities, at the expense of fraud and, to a lesser extent, drug investigations.

Client satisfaction ratings for the other areas covered by the study are presented in the following table:

TABLE D 2002 CLIENT SATISFACTION STUDY RATINGS

| AFP SERVICE | Per cent Client Satisfaction |
|--|--|
| Criminal History vetting (component of Output 1.1) | 95 per cent (up by 10 per cent) |
| Protection Services (Output 1.2) | 100 per cent (up by 5 per cent) |
| International Services (Output 1.3) | 100 per cent (first year of inclusion) |

The general conclusion to draw is that, despite a decline in satisfaction since 2000-01, the 2002 Client Satisfaction Study identified that the great majority of AFP clients were satisfied.

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Key clients indicated positive qualitative support for service agreements with the AFP, with the view being that improved service delivery was achieved through such agreements' articulation of a level and standard of service provision.

Other positive comments reflected the following views:

- > advice, general services and forensic services received from the AFP were excellent;
- > AFP members were professional and demonstrated expertise in policing;
- > AFP members were helpful, competent, approachable and accessible; and
- > good working relationships with the AFP were being encouraged and managed efficiently by the AFP client service/liaison teams.

In order to effectively address service delivery issues identified by clients and to support the successful integration of client focus with core AFP service delivery outcomes, improvement strategies have the commitment of management and are shaped and owned by operational members across all business units. To this end, the establishment of a working party comprising OMC representation was endorsed by the Director Operations forum (DIROPS) in February 2003.



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PERFORMANCE MEASURE 3:

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

During 2002-03, the AFP's business planning framework continued to improve the efficiency and effectiveness of AFP services and in identifying areas of further improvement. The framework, introduced in 2000 and augmented in 2001, is the most recent in a series of continuous improvement initiatives since 1990 to increase AFP responsiveness, flexibility and service delivery. The framework consists of a planning component, which takes information about the environment in which the AFP operates and develops target allocations for AFP investigative and financial resources against incident types and integrates this with a performance improvement and reporting system. Information about the environment in which the AFP operates is drawn primarily from three sources:

- > an annual environment scan, crime management strategies and feedback from clients;
- > partners and stakeholders regarding their needs; and
- > expectations of AFP service delivery.

The framework is the process by which the AFP puts into operation its Ministerial Directions and other priorities set by Government and is the main means by which the planning components are linked through the investigative and financial resources available to the performance improvement and reporting elements. The introduction of the framework has enabled the AFP to better align its outputs with the outcomes specified by and agreed with the Government, better manage the complex environment in which the AFP operates and provide a more flexible law enforcement response and better align its service delivery with the realistic needs and expectations of its clients.

Through consistent application of the CCPM and the setting and monitoring of targets for a wide range of incident types, the AFP comfortably met its Portfolio Budget Statement target of 65 per cent of available resources being devoted to Very High and High impact cases (devoting 75 per cent of resources to these matters).

As noted in last year's Annual report, in May 2001, the AFP adopted the Business Activity Analysis as a new form of operational review that critically examines the work undertaken by business units to deliver services to agencies, satisfy client demands and implement Performance Improvement Plans (PIPs). The BAA seeks to identify shortcomings across the AFP and within business units and to develop and monitor strategies to rectify these deficiencies. Worthy initiatives are examined to see whether they can be applied more widely. The BAA is conducted by the AFP's Commissioner and Deputy Commissioner with the entire management team of each business unit. The involvement of the whole team acknowledges that operational decisions are team-based and that all members contribute to, and are accountable for, the achievements of the business unit.

This financial year saw the completion of round two of the BAA and the commencement of round three. There have been six BAAs conducted: Protection Services (July 2002), Adelaide Office (August 2002), National Operations (March 2003), Brisbane Operations (April 2003), Professional Standards (May 2003) and Eastern Operations (June 2003). The first cycle showed a clear contribution to improving data quality on PROMIS and AFP operational effectiveness. Feedback from business units has identified the involvement and interest of the AFP Executive as a major positive influence, while the Executive has welcomed the opportunity to gain a first-hand perspective of business units.

The second cycle of the BAA had a strong focus on operational performance measurement and improvement. Business units were asked to identify some targets or areas for improvement and take ownership of issues raised.

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During 2002-03, BAA analysis of operational performance focused on:

- > the effectiveness of referral arrangements;
- > the effectiveness of prioritisation and case selection activities;
- > the effectiveness of investigation/operational activities;
- > progress towards PIPs;
- > unique/innovative practices which could be applied elsewhere in the AFP; and
- > relationships with clients, partners and stakeholders.

The extent to which these targeted areas are being improved will be analysed in the third round, due for completion at the end of December 2003.

Representatives of all Operations Monitoring Centres meet quarterly for the Joint Operations Monitoring Centre (JOMC) meeting. The JOMC has continued to be a most effective forum for discussing and resolving operational work practice issues and in ensuring consistency across all business units.

In relation to Program Axiom, calculation using an economic evaluation framework this financial year has identified a return on investment (across fraud and drug investigations only) to the AFP to date of 3.8: 1. In other words, for every dollar invested in Program Axiom for 2002-03, the AFP technically “received” a return of \$3.80.

In 2002-03, considerable progress was made in relation to two strategic IT 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 eliminate the need for manual registers, improve the AFP’s ability to prepare and deliver evidence and reduce the time to manage seizures and exhibits by up to 90 per cent.

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Project Disclosure, the AFP’s electronic brief preparation and presentation project, aims to 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. Functions released in the Police Real-time Online Management Information System under the auspices of Projects Retain and Disclosure have started to produce significant reductions in time taken to complete repetitious tasks. In some instances, that reduction has amounted to 95 per cent. Further improvements in productivity through improved IT solutions will continue into the next financial year.

OUTPUT 1.2 – PROTECTION SERVICES

The Protection Services output contributes to the outcome through the prevention of crime against Commonwealth interests within Australia and overseas. The objective of Protection Services is to ensure that individuals and interests identified at risk by the Commonwealth are kept safe and their dignity preserved. This is achieved with other State, Territory and Commonwealth agencies and departments.

The current focus of AFP activity in relation to this output includes the provision of Close Personal Protection (CPP), witness protection and protective security intelligence covering Australian holders of high office, the protection of non-Australian high office holders and protected witnesses.

Planning for Protection Services is conducted through a business planning process based on security threat assessment strategies informed by proactive protective security intelligence.

The activities undertaken to achieve this objective include:

- > provision of CPP to Australian High Office holders, Internationally Protected Persons (IPP)s, members of the diplomatic community and visiting overseas dignitaries assessed as being at threat;
- > 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 (NWPP), providing a safe and secure environment for 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 level; and
- > planning and coordination with strategic partners of special events that are of a national interest.

Performance for this output is measured by:

- > the prevention of avoidable incidents;
- > the level of client satisfaction with AFP Protection Services; and
- > the cost effectiveness of service delivery.

Table 6 in Appendix 1 provides details of the numbers of matters referred to Protection Services in 2002-03.

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CLOSE PERSONAL PROTECTION

The number of members and teams committed to Close Personal Protection (CPP) has fluctuated during the year in response to the security environment, particularly following the Bali bombings in October 2002 and the war in Iraq in early 2003. At the beginning of 2002-03, 127 members were deployed on CPP duties, rising to a peak of 209 members deployed during December 2002. This figure represented an increase of 61 per cent over the course of the year.

During the year, the AFP provided full-time protection to five Australian and 10 non-Australian holders of High Office. During the conflict in Iraq, seven Australian holders of High Office were under protection. In the period following the Bali bombings, a total of 26 non-Australian holders of High Office were under CPP.

In order to fulfil the AFP's 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 a number of Commonwealth, State and Territory agencies and departments including the APS, the Protective Security Coordination Centre (PSCC) and all State and Territory police services. To complement this, there is close cooperation with DFAT and members of the Australian intelligence community.

The receipt of additional funding of \$110 million over four years following the terrorist attacks of September 11 2001 has enabled the AFP to continue to enhance protective security services and capacity. In May 2003, four new armoured vehicles were included in the AFP's vehicle fleet.

In addition to improved equipment and an increase in the number of members involved in providing full-time CPP, the additional funding has enabled the AFP to maintain and increase the number of CPP-trained members within the organisation. This additional capacity amounts to approximately 192 fully qualified members and a further 45 CPP drivers who can be drawn upon to respond to any heightened threat levels within Australia.

In addition to providing protection services to Australian-based individuals, Security Liaison Officers and CPP officers were allocated to 35 visitors to Australia,

including Chairman Li Peng (Chinese National People's Congress), the Crown Princes of Belgium and Japan, His Royal Highness Prince Andrew and His Royal Highness Prince Edward.

The AFP also provided protection services on 37 occasions to Australian holders of High Office travelling overseas.

In the reporting period, there were no serious incidents involving High Office holders while under CPP.

PROTECTIVE SECURITY INTELLIGENCE

The AFP provides a protective security intelligence capability throughout Australia. This capability, delivered by Protective Security Intelligence (PSI) teams stationed in every State and Territory in Australia, assists in the protection of the Commonwealth's national security interests. The principal function of this program is to provide timely and accurate protective security intelligence in support of the provision of CPP to VIPs, Internationally Protected Persons, High Office holders, international delegations and the diplomatic community throughout Australia. Increasingly, PSI teams also provide security intelligence support to APS operations. This is achieved through intelligence exchange with State and Commonwealth stakeholders and continual close liaison with the diplomatic and consular communities. The PSI teams make a significant contribution to the Commonwealth's threat assessment process.

As a result of the Bali bombings, PSI members were involved in the activation of the AFP's Incident Coordination Centre. Members of PSI were also involved in the investigation of the Bali bombings and had members deployed to Indonesia. Again, during the conflict in Iraq, PSI was integral in the operation of the ICC which was established within the Transnational Crime Coordination Centre to monitor international events, thereby ensuring the AFP was ready to respond if necessary. The ICC was staffed on a 24 hour basis for five weeks.

PSI members worked cooperatively with their State and Territory counterparts and the APS to provide protective security intelligence support during the joint operations at the Joint Defence Facility, Pine Gap, in October 2002 and the Baxter Immigration Reception

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and Processing Centre in April 2003. PSI also provided intelligence briefings to CPP members deploying overseas as Security Liaison Officers.

A key function of PSI is liaison with the diplomatic and consular communities nationally. This assists the development of and informs the threat assessment process. PSI teams across the country report their activities to AFP Headquarters, allowing effective monitoring of national trends and collation of intelligence daily.

AFP PSI activities were dedicated to the dissemination of intelligence between agencies in the lead-up to and during the war in Iraq.

During the reporting period, PSI expanded its operations by the establishment of 11 additional positions throughout the country. This included, for the first time, the deployment of a federal agent to the Darwin Office.

WITNESS PROTECTION

The AFP is responsible for the delivery of the National Witness Protection Program. This requires the AFP to develop and implement methodologies to ensure the protection of witnesses accepted onto the program, their families and their assimilation back into the community.

AFP services under the NWPP are enhanced by specialised training for the specific requirements of this unique area of policing activity.

Cooperation with other countries is possible under the provisions of the Witness Protection Act 1994 and ongoing dialogue to examine and share operational arrangements. This continuing cooperation and interchange of information serves to enhance the operational activity of the NWPP and enhance international law enforcement relationships.

The Witness Protection Act requires the Minister for Justice and Customs to report to both Houses of Parliament on the operation of the NWPP at the end of each financial year. That report encompasses advice on the general operation of the program, the costs associated with its operation and the exercise of the Commissioner's powers under s. 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.

The NWPP, under legislative requirement, has published a separate annual report.

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. While specific arrangements vary from city to city, protocols with the FCA are well developed and enable the FCA to seek assistance directly from the nearest AFP business unit. In March 2003, an AFP officer was temporarily seconded to the FCA as Marshall until 30 June 2003 to enhance the cooperative arrangements between the organisations.

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PLANNING AND
MANAGEMENT OF SECURITY
AND LAW ENFORCEMENT
FOR SPECIAL EVENTS

The Special Events Team (SET) role is to coordinate the AFP's response to major and special events impacting on the Commonwealth. The primary focus of SET over the year was the provision of support to the AFP attendance at a range of Commonwealth forums under the new national counter-terrorism arrangements. SET also provided a significant contribution to the revision and development of the Government's response to terrorist threats through the National Counter-Terrorism Plan and Handbook under the auspices of the NCTC following the Leaders' Summit on Terrorism and Multi-Jurisdictional Crime on 5 April 2002.

In October 2002, SET performed a coordination and operational support role for the joint Northern Territory Police and APS operation during the demonstration activity at the Joint Defence Facility, Pine Gap.

RUGBY WORLD CUP

The staging of the 2003 Rugby World Cup (RWC) in October and November in Australia has engaged SET with the Major Events Commonwealth Coordination Group hosted by the Department of Industry, Tourism and Resources and the NSW RWC Police and Security Working Group. In planning for the event, regular meetings were held with both bodies and the PSCC to progress the preparations for the Cup.

COMMONWEALTH GAMES

SET liaised with the Melbourne 2006 Commonwealth Games Task Force and stakeholders and maintains a close relationship, particularly with the Victoria Police.

NATIONAL
COUNTER-TERRORISM
COMMITTEE

The SET provided support to AFP management by contributing to the revisions required by the Council of Australian Governments in Australian counter-terrorism planning and in the region since the terrorist incidents in the USA and Bali.

SET assisted National Counter-Terrorism Committee training at four Joint Intelligence Group Officers' courses and one Joint Intelligence Group Commanders' course; the courses delivered an AFP familiarisation brief and provided information on the role of, and potential assistance provided by, the AFP during National Counter-Terrorism Plan-related events. SET, along with other functional areas within the AFP, participated in the national exercise Raw Horizon in Perth during March 2003 and an operational response exercise, New Deal in Sydney and Canberra during May 2003.

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PERFORMANCE MEASURE 1:

The prevention of avoidable incidents

The performance measures developed in 2001-02 to assist in assessing the AFP in the provision of Close Personal Protection services continued to be used. These are the prevention of avoidable incidents, protection incidents and protection movements.

Prevention of avoidable incidents are actions that, through physical action/intervention or reasonable intelligence, have prevented incidents that could have resulted in death, injury or loss of dignity or embarrassment to those individuals and interests identified by the Commonwealth 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 are all defined in this way.

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 2001-03

| | Australian Office holder | | Non-Australian Office holder | | Total | |
|----------------------|-----------------------------|---------|---------------------------------|---------|---------|---------|
| | 2002-03 | 2001-02 | 2002-03 | 2001-02 | 2002-03 | 2001-02 |
| Protection movements | 8,682 | 8,028 | 21,503 | 14,842 | 30,185 | 22,870 |
| Protection incidents | 71 | 259 | 53 | 126 | 124 | 385 |
| Avoidable incidents | 0 | 1 | 1 | 0 | 1 | 1 |

NOTE: The figures for 2001-02 differ from those provided in the 2001-02 Annual report. The revised figures result from significant data cleansing and quality assurance activities undertaken in June-July 2002.

Protective Security Intelligence (PSI) measures its effectiveness by the extent of its contribution to the KPI of the CPP teams, that is the prevention of avoidable incidents. PSI value adds to the national threat assessment process and is recognised as an effective constituent of the Australian intelligence community.

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PERFORMANCE MEASURE 2:

The level of client satisfaction with AFP Protection Services

In 2002-03, as noted above, the AFP commissioned its third independent client satisfaction study of key agencies and stakeholders. Respondents included Commonwealth agencies, Australian High Office holders and representatives from several overseas missions in Australia. Key findings for Protection Services indicated a slight increase on the positive result of 2000-01.

For example, Key Finding 4 of the study noted that “The strong level of positive outcome for AFP Protection Services was due to clients rating highly AFP member professionalism and fast speed of response to requests for assistance”³. Respondents stated the AFP was generally responsive and professional in its approach and was proactive in passing information to client agencies. In 2001-02, a small number of clients expressed dissatisfaction with service delivery. Throughout the year, positive feedback was received from clients and stakeholders complimenting the work done by Protection Services. This feedback, which builds on the information gained through the Client Satisfaction Study, indicates a high level of satisfaction with the services provided by Output 1.2.

³ Australian Federal Police Client Satisfaction Study 2001-2002 key findings, prepared by Market Attitude Research Services Pty Ltd, 28 January 2003, p 7.

PERFORMANCE MEASURE 3:

The cost effectiveness of service delivery

The AFP continually reviews the effectiveness and efficiency of Protection Services. In 2002-03, a formal review and audit of travel administration related to Protective Security operations was completed. This review was carried out by an independent auditor and resulted in the identification of areas requiring enhancement and an education program was implemented and significant improvement followed.

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OUTPUT 1.3 – INTERNATIONAL SERVICES

The AFP supports the Government’s international responsibilities through the provision of a range of law enforcement services. This output also strongly supports the objectives of Output 1.1 – Investigation Services.

The objectives of this output are to:

- facilitate an effective AFP contribution and response to international law enforcement efforts; and
- provide an effective contribution to Australia’s commitments to international peace operations.

Before October 2002, when the AFP administration of the Commonwealth External Territories moved to Output 1.1, Output 1.3 had the additional objective of providing community policing services to these territories.

The changing globalised criminal environment has significantly influenced the delivery of the AFP’s International Services. In pursuing Australia’s international obligations and interests, there has been an increase in the offshore deployment of AFP members in response to terrorist and other transnational criminal activity, particularly within the Asia-Pacific region and other locations where incidents directly affecting Australian interests have taken place. These offshore deployments highlight the AFP’s flexibility to respond globally and assist international law enforcement partners in combating transnational organised crime. AFP teams in response to terrorist attacks in Bali, Indonesia, the Philippines and Saudi Arabia have been deployed overseas.

The cornerstone of the AFP’s capacity to effectively operate in a global criminal environment is its International Network. In recognition of the increasing globalisation of the criminal environment, 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 International Network. The expansion of the network will enhance the AFP’s capacity to collect and disseminate criminal intelligence. During the reporting period, additional officers have been

deployed to existing overseas offices and a total of 10 feasibility studies have been undertaken in Europe, the Middle East, Africa and Asia to determine the viability of opening new permanent AFP offices.

The AFP has also led the way in implementing new collaborative measures to combat transnational organised crime. On 6-7 May 2003, the AFP hosted a forum of senior law enforcement officials from eight law enforcement agencies representing Australia, Canada, the USA, the UK and New Zealand. The purpose of this forum was to put into operation practical investigative outcomes at the international level. The participating agencies signed a statement of outcomes agreeing to work increasingly proactively, using their collective assets to identify, target, disrupt and dismantle organised crime at the international level. A key Government measure of the AFP’s ability to collaboratively engage global law enforcement partners in combating transnational organised crime is the Law Enforcement Cooperation Program (LECP). This program continues to contribute to the development of strategic alliances and capacity-building programs with partner law enforcement agencies.

The AFP continues as Australia’s international policing representative for Interpol, the International Criminal Police Organization. The AFP operates Australia’s National Central Bureau for all Australian law enforcement agencies in coordinating international inquiries through the Interpol network. The AFP also continues to support the Government’s obligations under UN treaties and conventions by providing an effective contribution to Australia’s peacekeeping commitments. During the reporting period, the AFP maintained contingents in Cyprus and Timor Leste.

The Pacific region, particularly Melanesia, has remained unstable and consequently is of continuing significance to the AFP. The establishment of AFP overseas offices in Suva, Port Vila, Honiara and an additional officer in Port Moresby has enhanced the AFP’s capacity to gather intelligence and broker operational cooperation with Pacific Island countries. The major initiative in the Pacific region being pursued by the AFP involves a profound paradigm shift by regional law enforcement agencies to intelligence-led policing to combat transnational crime at both a tactical and strategic level.

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The AFP's strategies to support this initiative include the establishment of Transnational Crime Teams in major Pacific Island countries and the infrastructure to support the sustainability of these teams. To date, TNCTs have been established in Fiji and Samoa and the AFP is currently working on the same program with Tonga, Vanuatu and Papua New Guinea.

Performance for this output is measured by:

- > the extent to which Commonwealth international obligations are met;
- > client satisfaction with International Services; and
- > cost effectiveness of service delivery.

PERFORMANCE MEASURE 1:

The extent to which Commonwealth international obligations are met

AFP'S INTERNATIONAL NETWORK

To provide a secure regional and global environment and to support the Australian Government's international responsibilities, the AFP is committed to fostering a spirit of cooperation between overseas and Australian law enforcement agencies. The AFP's International Network is vital to the AFP's commitment to combating transnational crime groups that operate at the local, national and international levels. The network enables the AFP to obtain vital criminal intelligence closest to the source of criminal activity and then to form effective partnership arrangements with international law enforcement partners to combat transnational criminal activity in a range of geographical locations.

The AFP's International 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.

During the reporting period, the AFP deployed additional members to existing overseas offices in Phnom Penh (Cambodia), Bogotá (Colombia), Jakarta (Indonesia) and Bangkok (Thailand). Additional members will be deployed to The Hague (the Netherlands) and Beirut

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(Lebanon) by July 2003. Following a strategic re-assessment of South American criminal threats to Australia, the AFP closed its office in Buenos Aires (Argentina) and relocated it to Brasilia (Brazil).

The AFP also conducted a number of feasibility studies to determine the viability of establishing permanent offices in the following locations: Pretoria (South Africa), Belgrade (Yugoslavia), Dubai (United Arab Emirates), Mandalay (Burma), Chiang Mai (Thailand), Ho Chi Minh City (Vietnam) and Bali (Indonesia). These new offices will enhance the AFP's ability to combat West African organised crime, illicit drug trafficking from South-East Asia and Eastern Europe organised crime. Three more feasibility studies were undertaken at existing overseas offices in London, Washington and Kuala Lumpur (Malaysia) to determine the viability of expanding those offices to enhance the AFP's capacity to gather criminal intelligence relating to counter-terrorism.

The increase in transnational crime threats in the Asia region resulted in the deployment of a senior AFP officer to Bangkok (Thailand) as the Transnational Crime Adviser – Asia.

The International Network is strongly supported by the AFP's LECF and some overseas offices are now supplemented by AFP members performing training and advisory roles for AFP-funded projects that enhance and build the capacity of foreign law enforcement partners to address organised criminal threats.

At the end of the reporting period, the AFP had 45 members deployed internationally in 31 posts in 28 countries as part of its International Network.

During the year, the International Network was instrumental in brokering cooperation and joint investigations with various partner foreign law enforcement agencies and supporting AFP and other agencies operational activities, as demonstrated by the following examples.

- > The International Network delivered immediate and extensive support to the joint INP/AFP investigation into the Bali bombings. Assistance included coordinating the support of foreign law enforcement agencies in the collection of evidence from foreign victims and witnesses to the bombings.

- > The AFP Islamabad Office (Pakistan) played a key role in supporting several AFP investigations into allegations of Australian citizens involved in terrorist organisations.

- > The AFP Beirut Office (Lebanon) played a significant role in the investigation by the NSW Police into the large scale theft, rebirthing and exportation of stolen vehicles and car parts to overseas locations including Lebanon and Jordan. This investigation identified and dismantled a large international stolen motor vehicle racket operating from Australia.

- > The AFP Kuala Lumpur Office (Malaysia) provided key assistance to Dutch, German and Canadian law enforcement agencies in relation to the alleged trafficking of MDMA from the Netherlands to Canada. A joint investigation resulted in the seizure of approximately 87.4kg of 100 per cent pure MDMA in the Netherlands in October 2002, reported to be the equivalent of approximately three million tablets. Five persons were arrested and approximately 43,000 Euros seized.

- > The AFP's Manila (the Philippines) and Beirut (Lebanon) Offices provided assistance to AFP officers deployed to the Philippines in March-April 2003 and Saudi Arabia in May 2003 to assist local authorities investigate alleged terrorist attacks.

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LAW ENFORCEMENT COOPERATION PROGRAM

The AFP's Law Enforcement Cooperation Program (LECP) continues to contribute to the development of strategic alliances with partner law enforcement agencies aimed at actively combating transnational crime in all its forms.

At the bilateral level, an MOU with the Indonesian National Police (INP) on fighting transnational crime and developing police cooperation, signed in June 2002 and ratified in September 2002, provides the framework for the package of AusAID and LECP project measures aimed at developing the capacities of the INP in the area of transnational crime and counter-terrorism. The existence of this operational MOU was instrumental in the AFP's speedy investigative response to the Bali bombings.

Additionally, the AFP – with its Pacific law enforcement partners – is planning the establishment of a centrally located Pacific Transnational Crime Coordination Centre (PTCCC). The role of the PTCCC will be to provide proactive transnational crime intelligence to the Pacific region and to address issues of terrorism in the region. The PTCCC will also provide a tactical and strategic coordination role for the Transnational Crime Teams in other Pacific Island countries. It is expected that the PTCCC, to be located in Suva, Fiji, will be operational by 1 March 2004.

As noted earlier, in September 2002, the LECP established a Joint Transnational Crime Investigation Team (JTCIT) in Cambodia, which provides an advisory capacity to a team of Cambodian National Police officers. The JTCIT resulted from an MOU between the AFP and the Cambodian National Police. Its focus is to provide a mechanism for the AFP to expand its fight against transnational crime in source and transit countries, such as Cambodia. The team also generates criminal intelligence impacting upon Australia, provides a framework to facilitate AFP investigations in Cambodia and exemplifies the AFP's response to the outcomes of the Ministerial Conference on People Smuggling, Human Trafficking and Related Transnational Crime, held in Bali during February 2002.

The Joint People Smuggling Investigation Team continues to operate in Thailand. Since May 2001, the team has made a significant and worthwhile contribu-

tion to the fight against transnational crime through the investigation of false documentation and related intelligence. People smuggling syndicates involved in organising illegal movements of people into Australia have been successfully disrupted. By targeting people smuggling, the team has achieved results in other incident types, namely drug interdictions and counter-terrorism intelligence.

An international secondment program has been introduced, where overseas law enforcement investigators are attached to AFP operational teams involved in major criminal investigations in Australia. LECP-sponsored secondments from Argentina, Brazil, Colombia, Germany and Malaysia have contributed to the seizure of record amounts of illicit narcotics and the disruption of the organised crime groups involved in these importations to Australia.

The delivery of AFP training programs in overseas locations designed to increase the capacity of partner law enforcement agencies to assist the AFP in the offshore disruption of transnational crime groups continues to be an important element of the LECP. In the past 12 months, LECP has sponsored law enforcement training programs in Burma, Cambodia, China, Fiji, Hong Kong, Malaysia, Singapore, Thailand and Timor Leste.

To assist in the shift to intelligence-led policing, the AFP has been delivering awareness raising seminars, workshops and training courses in the region in relation to transnational crime activities including Asian organised crime, trafficking in illicit drugs (including ATS), West African organised crime, people smuggling and money laundering. There have also been short-term attachments of regional law enforcement personnel to the Fiji Transnational Crime Teams (TNCT).

One of the major issues confronting Pacific Island countries is the delivery of common, compatible, certified and accredited law enforcement training in the region. The AFP, through its LECP, has positioned a Law Enforcement Training Coordination Officer in the Pacific Islands Forum Secretariat for an initial period of two years from February 2003 to coordinate law enforcement training in the region. The officer will work closely with AusAID and its major Pacific Regional Policing Initiative.

In October 2002, a Letter of Intent was signed with the

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Chinese Ministry of Public Security in relation to controlled deliveries, following an LECP-sponsored training program in Guangdong Province. This milestone signifies the increased level of cooperation provided by law enforcement agencies in the People's Republic of China in support of AFP investigations involving organised crime groups operating in China.

Through LECP, the AFP has designed, developed and installed a secure communications network throughout the Pacific region for all Pacific Island countries. Known as the South Pacific Law Enforcement XtraNet (SPLEXNET), it allows the real-time sharing of law enforcement intelligence. SPLEXNET will be the secure communications platform for the TNCT and the Pacific Transnational Crime Coordination Centre.

INTERPOL

The AFP is responsible for the operation of Australia's National Central Bureau (NCB) on behalf of all Australian State and Territory police services, with the Commissioner of the AFP assuming the role of the Australian representative to Interpol.

The Australian NCB contributes to international law enforcement interests by providing an interface with the other 181 members of Interpol. The NCB is located at AFP Headquarters and is staffed by an integrated team of sworn and unsworn members 24 hours, seven days a week. 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, NCB Canberra recorded 1,725 individual cases and processed an average of 1,500 electronic messages a month. The NCB achieved 100 per cent compliance in relation to Interpol Notice requirements.

In addition to providing the NCB, the AFP continues to support broader Interpol programs. Three federal agents are seconded to Interpol programs, with two being seconded to the Interpol General Secretariat in Lyon (France). One of these federal agents is attached to the Project Fusion Task Force which is working on a multi-disciplinary methodology to assist member countries develop capacity in targeting and dismantling criminal and terrorist organisations. The other federal agent provides the services of police coordinator and advisor to the Interpol DNA project,

aimed at developing international DNA protocols and expanding the application of DNA processes in criminal investigations. A federal agent is also attached to the Interpol Regional Office, Bangkok. The presence of this officer has assisted the NCB in pursuing a more active role within the Asia region.

In February 2003, the AFP hosted a visit by members of the Interpol Executive. A range of issues, including measures to increase the flow of criminal intelligence between Interpol member countries and Australian law enforcement agencies, was discussed.

The AFP's hosting of a liaison officer posted from Interpol Rome proved to be of benefit to Australian law enforcement with the posting extended to a three year period. It is anticipated a replacement officer will arrive in the new financial year.

An AFP IT representative is a member of the Interpol Standing Committee on Information Technology. During the year, the AFP has been closely involved in the introduction of the Interpol communication network (IGCS24/7). As a result of work undertaken by the AFP in 2001-02 to migrate all X400 systems in the region to Internet-technology based systems, thus making them IGCS24/7 ready, Oceania NCBs are now able to use the new communication services.

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PEACE OPERATIONS

The AFP continued to provide significant contributions to international law enforcement interests during 2002-03 through the provision of trained peacekeepers to the UN missions in Timor Leste and Cyprus.

TIMOR LESTE

The AFP has maintained Cabinet authorised deployments to Timor Leste in support of international peace operations since 1999. In February 2003, in accordance with the UN schedule for the downsizing of the United Nations Police (UNPOL) element in Timor Leste, the Australian police contingent was reduced from 56 to 45 sworn members.

During 2002-03, a total of 175 Australian civilian police served in Timor Leste as part of Australia's commitment to the United Nations Mission in Support of East Timor. A total of 103 AFP members served as part of the Australian civilian police commitment.

Members of the AFP currently hold several key and executive level positions within United Nations Police (UNPOL), including the position of Deputy Commissioner Operations and Administration, UNMISET, and from 23 June 2003, the position of UNPOL Commissioner.

The role of the AFP and the other 42 International Police Services that form UNPOL in Timor Leste is prescribed by, and is consistent with, the UNMISET Mandate which includes the provision of interim law enforcement and public security, assistance in the development of a new law enforcement agency in Timor Leste, the Policia Naciona de Timor-Leste (PNTL), and contribution to the maintenance of the external and internal security of Timor Leste.

Events in Timor Leste during the year highlighted deficiencies in internal security and law and order issues. The sharp increase in the frequency and magnitude of internal security-related incidents caused the UN to accept that the schedule for the Policia Naciona de Timor-Leste's assumption of overall responsibility for internal security and law and order matters required adjustment.

The UN Security Council adopted Resolution 1473 on 4 April 2003. This determined that the UNPOL component of UNMISET and the schedule for its downsizing over 2003 would be adjusted to enhance

its operational capability to address civil disturbances and to improve PNTL capability to respond to concerns identified as a result of recent internal security and law and order incidents.

The current AFP commitment to UNMISET stands at 45 (25 AFP and 20 State/Territory) sworn Australian civilian police. This is in accordance with the UN's renewed schedule for UNPOL.

CYPRUS

Since May 1964, the Australian Government has had an ongoing commitment through the provision of Australian UN Civilian Police (UNCIVPOL) to the United Nations Peace-Keeping Force in Cyprus (UNFICYP) Mission. The AFP meets the current commitment to UNFICYP by maintaining a contingent of 15 AFP members who 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 UNFICYP's Senior Command element.

During 2002-03, the AFP continued the deployment of its peacekeepers alongside that of the Irish Police, An Garda Siochana. The Australian and Irish police contingents form UNCIVPOL and provide the essential non-military option for the UN in fulfilling the mandate of the Mission.

TRAINING

Members selected for each peacekeeping detachment successfully completed the mandatory Civilian Police Peace Operations Pre-deployment Training Program. This program was developed to ensure that AFP peacekeepers are provided with a realistic understanding of mission life and are instructed on a variety of duties likely to be undertaken on mission. A total of 145 members undertook this training, with AFP members as well as State and Territory police services.

In April 2003, five international students from the PNTL successfully completed the course. The program is currently offered to other nations within our region.

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PERFORMANCE MEASURE 2:

Client satisfaction with International Services

AFP CLIENT SATISFACTION STUDY

The AFP Client Satisfaction Study included International Services for the first time. The methodology for the study is described at pages 98-99 of this report.

AFP International Services interviews included a range of clients covering heads of Australian missions overseas (and associated Commonwealth Government agencies at mission), intelligence-gathering agencies, State police services, the Australian Defence Force (ADF), overseas law enforcement and customs agencies. Confidential interviews were conducted with officials from 22 countries. Fourteen of these interviews were conducted with heads of Australian diplomatic missions.

Strong positive ratings (with the majority 54 per cent in the very satisfied range) emerged consistently from both Australian-based and overseas-based clients of International Services. Overall findings for each of the service delivery elements evaluated for International Services indicated a 100 per cent client satisfaction rating.

Key factors in client satisfaction were:

- > AFP members' understanding of the specific needs and issues of clients;
- > AFP members' willingness and capacity to assist clients;
- > the demonstrated skills, knowledge and high quality of the International Network officers; and
- > the positive benefits of the Law Enforcement Cooperation Program.

INTERNATIONAL OFFICE INSPECTIONS

International Services has implemented a program of office inspections for the International Network. It is anticipated that this program will ensure each overseas office is inspected at least once every two years. The office inspection incorporates an assessment of the level of client and stakeholder satisfaction. To date, two rounds inspections have been conducted. The first was conducted in April 2003 and included in-

spections of the Los Angeles, Washington, Bogotá and Brasilia offices. The second round was conducted in May-June 2003 and covered Jakarta, Hanoi, Rangoon and Phnom Penh. The inspection team comprises three member of the AFP, with an inspection report submitted to the Deputy Commissioner on completion of the inspections.

UN ASSESSMENT OF AFP PERSONNEL

The AFP assesses performance in this area through analysis of post-detachment assessments. During 2002-03 assessments were provided by 35 members returning from mission. Of the 35 assessments received, 34 listed the member's performance as Outstanding and one as Above average. Peace Operations also received two certificates and three letters of commendation, two certificates of recognition and one letter of appreciation.

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PERFORMANCE MEASURE 3:

Cost effectiveness of service delivery

The International Network Strategic Plan for 2002-05 is being reviewed against the changing globalised criminal environment. This includes consideration of a range of white papers and environmental scans which address broader international and transnational crime issues. The review also includes re-focusing individual overseas offices in relation to the AFP's crime management strategies.

All AFP overseas offices are now connected to the Australian Federal Police computer network, providing real-time access to AFP case management and intelligence. This has significantly improved the effectiveness and efficiency of overseas offices in relation to joint investigations with partner agencies and providing assistance.

In December 2002, the International Network participated in its first Business Activity Analysis. The BAA process is an integral element in reviewing the AFP's operational performance and effectiveness. The inclusion of the International Network in the BAA process ensures corporate alignment and provides critical analysis of operational performance of the network. The program of international office inspections extends the BAA process to focus on the operational performance of individual offices.

The value of the International Network can be viewed in terms of its overall support to Output 1.1. The majority of overseas resources (80 per cent) were employed in criminal investigations of a serious nature – that is, those categorised as Very High, High or Medium impact (using the AFP's CCPM). In fact, the International Network was involved in one in three (35 per cent) of all serious cases investigated by the AFP within Australia or overseas, with particular involvement in drug trafficking and people smuggling investigations.

OUTPUT 1.4 – GUARDING AND SECURITY SERVICES

On 29 June 2002, legislation amending the Australian Federal Police Act was proclaimed. This amendment heralded the first phase of the integration of the APS with the AFP. With its transfer from AGD, becoming a statutory agency functioning as an operating division of the AFP, the APS now forms part of the Protection portfolio and reports to the Commissioner through the newly formed position of Executive Director Protection. On 1 July 2002, to recognise the formal transfer of responsibility, APS officers along with representatives from AGD, joined with the Commissioner in a ceremony to mark this occasion.

During 2002-03, the APS continued to deliver services in accordance with provisions of the Australian Protective Service Act under both user-pays business arrangements and through Budget-funded activities specific to the security of Australia's aviation industry.

The APS is the primary element contributing to delivery of the AFP's Output 1.4. The APS contributes to the achievement of Outcome 1 through the protection of Commonwealth interests in Australia and overseas.

The objectives of Output 1.4 are to:

- > provide a range of user-pays guarding and related security services consistent with the Government's interests; and
- > provide a first-response and deterrent role to potential terrorist acts against Australia's passenger aviation industry.

Activities undertaken to achieve these objectives include:

- > provision of guarding services at premises considered by the Government to be at some risk;
- > provision of specialised protective security advisory, training, monitoring and consultancy services;
- > provision of a counter-terrorist first-response (CTFR) role at major airports and a deterrent to any attempt to disrupt Australia's in-flight passenger safety.

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Associated functions available under the user-pays regime include:

- > training services, e.g. personnel safety, bomb threat management and security x-ray screening;
- > advisory services e.g. risk management reviews, security system design and specification; and
- > specialist services, e.g. personnel security vetting, building security systems and fire alarm systems monitoring.

The period following the events of September 11 2001 has seen a significant growth in staff numbers at the APS. Since 30 June 2001 staff numbers at the APS have increased from 751 to 1,264 as at 30 June 2003. This equates to a growth rate of 68.3 per cent over the two years. Commonwealth Budget appropriation for the enhancements to aviation security has been the most significant contributor to APS growth during this period.

Initial Budget funding of \$20.7 million to meet costs associated with the establishment of these activities was provided as part of the 2001-02 Additional Estimates process. While considerable progress was made in establishing these programs before the end of 2001-02, time constraints prevented the APS meeting expected recruitment targets and \$7.495 million remained unspent at the end of the last financial year. This funding was carried forward into 2002-03.

The 2002-03 Budget also provided an appropriation of \$4.4 million over four years for the APS to expand the Explosives Detection Canine (EDC) program.

During 2002-03, the APS completed the expansion of the EDC program with additional patrol teams at Brisbane, Melbourne and Sydney airports and new patrol teams established at Canberra and Perth. In addition to this increase in operational patrols, training and kennelling infrastructure in Sydney and Canberra was enhanced to support the program. Further work associated with the kennelling of EDCs at the AFP's Wanggirrali Ngurrumbai Centre at Majura, Canberra is continuing and expected to be completed early in 2003-04.

In April 2003, the AFP and DOTARS signed an MOU which clarified the respective roles and

responsibilities of the two agencies in relation to aviation security. The MOU identified the increasingly important role that the AFP and APS have in strengthening the links between preventative security and incident response and management.

The upgrade of existing airports to Advanced First-Response (AFR) status was also completed during 2002-03 with major recruitment and training of officers. This included existing officers at airports completing AFR qualifications which upgraded skills and competencies.

Considerable progress has been made during 2002-03 towards the establishment of the Air Security Officer program. At 30 June 2003, the program had in training the final group of recruits to meet its full complement of operational officers. ASO operations on domestic flights are well established and exceeded the target number flights for the year. Negotiations are well under way with a number of countries to establish ASO international operations by the end of the 2003 calendar year.

The APS also contributed to the successful delivery of a number of law enforcement activities in joint operations with State/Territory police services.

- > In October 2002 and April 2003, the APS worked closely with the Northern Territory Police and SAPOL in responding to demonstrations at the Joint Defence Facility, Pine Gap, and the Baxter IRPC. Both operations were very successful with the APS making a significant contribution to the outcome.
- > Since October 2002, the APS has deployed a contingent of Protective Service Officers (PSOs) to provide security for the AFP during its deployment to Bali following the bombings at Paddy's Bar and the Sari Club.
- > In January 2003, assistance was provided to ACT Policing during the devastating bushfires.

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Measurement of the APS's performance against Output 1.4 is measured by the:

- volume of contracted user-pays guarding and security service commitments, and the prevention of attempts to disrupt the safety of Australia's aviation passenger industry;
- satisfaction of clients and stakeholders with service provision; and
- cost effectiveness of service delivery.

PERFORMANCE MEASURE 1:

Volume of contracted user-pays guarding and security service commitments, and the prevention of attempts to disrupt the safety of Australia's aviation passenger industry

During 2002-03, the APS has experienced continued growth to meet the demands of clients for which the APS provides a user-pays guarding and security service with all major user-pays clients being retained. DFAT, DIMIA, the Department of Defence and Parliament House are all clients that saw an increase in APS numbers to deliver increased levels of service during this period.

As a result of upgrades in the national security measures since September 11 2001, the Bali bombings and in the lead-up to the war in Iraq, additional security arrangements were put in place at Defence establishments, the Australian Nuclear Science and Technology Organisation, Parliament House and various diplomatic and consular facilities.

PERFORMANCE MEASURE 2:

Satisfaction of clients and stakeholders with service provision

The APS consults closely and regularly with airport operators, airlines and other stakeholders, to gauge their satisfaction and to align the delivery of its services in accordance with their needs. Aviation stakeholders have generally expressed high levels of satisfaction with the APS in the provision of the Counter-Terrorism First-Response role.

The provision of 156 additional officers and an additional 12 Explosives Detection Canine teams that

were funded through government appropriation, as well as enhancement of the APS operation at airports to Advanced First-Response standard, improvements to employee selection, fitness and training standards and the commissioning of upgraded equipment, have all been positively received by the aviation industry and other client sectors.

The Minister for Immigration and Multicultural and Indigenous Affairs has written to the APS, highly commending the service that he, through his Department, had received both in the APS's ongoing role at the overseas processing centres and in responding to incidents at Australia's onshore detention centres. For example, in May 2003, in a letter to Commissioner Keelty, Minister Ruddock wrote:

"I would like to express my appreciation for the assistance from you and your agencies, the Australian Federal Police and the Australian Protective Service during the Easter 2003 period at Baxter Immigration Detention Facility. The cooperation effort between the agencies involved in this exercise contributed to the successful management of this potentially volatile situation and established a blue print for future cooperation between State and Commonwealth agencies."

Numerous letters of appreciation were received from clients and partner agencies acknowledging the professional service provided by the APS including the following:

"From personal observation I can attest to the exemplary professionalism of the Australian Protective Service officers here under very trying weather and situational circumstances. APS Inspector X did an impressive job and his teamwork with the NT Police commander was first class and a major contribution to the success of the operation." (From a letter dated 15 October 2002 from the Office of the Defence Chief of Facility, Joint Defence Facility, Pine Gap); and
"I am advised by my staff at Woomera Centre that the support provided was highly professional, thoroughly committed and effectively executed throughout. Management and employees at Woomera were impressed by the preparation and demeanour of your officers and the level of collaboration that was possible at this time. I consider their efforts to have brought credit upon the Service." (From a letter dated 20 August 2002 from the Managing Director, Australasian Correctional Management).

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In late 2002, reviews of both CTFR and the Air Security Officer program were commissioned by the Government through the Attorney-General's Department. Following consideration of the reviews, the Government determined that the ASO program had successfully provided reassurance to the Australian community and an active deterrent and protective mechanism against the threat of terrorist activity. The aviation industry as a whole has been complimentary about the way in which the APS continues to deliver the ASO program.

The Government has decided that the Counter-Terrorism First-Response arrangements require remodelling. The role of the APS at airports will change from a role based on deterrence patrolling and providing a first response to one that is preventative, proactive and intelligence focused. The AFP and APS are currently developing a new nationally consistent model and concept of operations for CTFR. This model will be developed in consultation with key stakeholders, including airport operators, airlines and State and Territory police services.

PERFORMANCE MEASURE 3:

Cost effectiveness of service delivery

The APS achieved a net profit after tax before dividend of \$3.36 million for 2002-03 which includes a net operating surplus after tax from commercial activities of \$4.59 million and a net deficit of \$1.232 million from Budget-funded activities. This deficit resulting from Budget-funded activities relates mostly to the APS meeting costs associated with the establishment of programs, such as recruitment and training, from the carried forward 2001-02 establishment funding. Apart from establishment costs, expenses associated with the Advanced First-Response (AFR) upgrade of airports have also been more than originally expected.

During 2002-03, appropriation funding for Enhanced Aviation Security and the expanded EDC program was \$31.6m. Specific funding for programs under the Government's Enhanced Aviation Security Measure (ie the AFR upgrade and the ASO program) was set based on an internal allocation of expected expenses. The AFR upgrade recorded expenses of \$18.04 million. Certain additional expenses for this program were offset by underspending associated with the ASO program. The funding for the expansion of the EDC program was fully expensed.

In its commercial operations, the APS achieved an 11 per cent rate of return for 2002-03. This result was three per cent over the required rate of eight per cent, a noticeable improvement in the rate of return reported for 2001-02.

The net surplus before corporate tax and dividend for the year was \$7.06 million. The dividend to DOFA was \$4.3 million which included an adjustment of \$1.41 million that represents adjustments to the 2001-02 operating result and subsequent revised commercial surplus/dividend.

Revenues from APS commercial activities increased by 21 per cent during the financial year, from \$73.18 million in 2001-02 to \$88.78 million for 2002-03. This increase is attributed to the additional security measures implemented by APS's major clients following the Bali bombings, in the lead-up to the war in Iraq, and the continuing demand for additional services by DIMIA in both onshore and offshore detention centres.

During 2002-03 the APS continued to work closely with the aviation industry to ensure it delivered the highest level of service while limiting operating costs to those essential to maintaining the volume and quality of service required.



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SUPPORTING AGENCIES

The AFP provides support on behalf of the Commonwealth for the following National Common Police Services:

AUSTRALIAN BUREAU OF CRIMINAL INTELLIGENCE

The Australian Bureau of Criminal Intelligence (ABCI) is part of the National Common Police Services. It provides and manages the Australian Criminal Intelligence Database which supplies 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 ACC/AFP investigations in relation to the above activities.

In 2002-03, the AFP – on behalf of the ABCI – received additional funding of \$11 million over four years for the implementation and management of an automated screening and crime recognition facility within the Australian Law Enforcement and Targeting System.

While this funding was listed with the AFP measures in the 2002-03 Budget because the AFP was the agency through which the ABCI was funded under the Appropriation Act and the AFP has no control over the spending of these funds. Reporting of the details of the functionality that the new funding has supported is a matter for the ABCI as part of a National Common Police Services Annual report and, from 1 January 2003, a matter for inclusion in the ACC's Annual report.

AUSTRALASIAN CENTRE FOR POLICING RESEARCH

The Australasian Centre for Policing Research (ACPR) is part of the National 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.

AUSTRALIAN INSTITUTE OF POLICE MANAGEMENT

The Australian Institute of Police Management (AIPM) is part of the National 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.

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ENABLING SERVICES

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The AFP's Enabling Services delivers support for AFP operations in relation to each of the AFP's outcomes. This was particularly evident in 2002-03 by the high level of integration of enabling areas in major AFP activities such as the investigation of the Bali bombings. Activities included a major commitment in the analysis of DNA (processing more samples in three months than would be done in an average year), deployment of experts from the Australian Bomb Disposal Centre (ABDC), implementation of electronic communication networks that allow access to AFP systems offshore and the delivery of supporting psychological and financial services.

In 2002-03, Enabling Services also delivered a significant number of trained new recruits and new or enhanced existing training courses, positioned AFP policy and developed appropriate legislative responses to support the AFP's activities in the heightened security environment.

In addition to the enabling services provided within the AFP environment generally, the Australian Protective Service has a dedicated corporate support structure. Following the integration with the AFP, the APS has reviewed its corporate structure, aligning the corporate service delivery components of the APS with the AFP office structure. The APS Enabling Services structure is primarily centralised with some aspects of data entry devolved to Station level.

Significant work has been undertaken on the incorporation of APS with the AFP. This provides the framework upon which further integration measures are being designed to enhance the AFP's capabilities to counter the threat of terrorism and to prevent it undermining Australia's national security. The planned and staged approach to implement the Government's decision continues, concentrating on resolving strategic issues moving to further integration. These include:

- > employment and human resource frameworks;
- > a harmonised professional standards regime;
- > organisational design issues;
- > finance and commercial issues;
- > communications; and
- > operational delivery.

Matters of policy and the shape of any proposed legislative amendments will be brought forward to the Government for consideration in 2003.

Since 1 July 2002, the AFP and APS have successfully achieved increased levels of operational integration as evidenced by APS involvement in the response to the Bali bombings; the AFP/APS and Northern Territory Police joint operation to counter demonstrations at the Joint Defence Facility, Pine Gap in October 2002; assistance to ACT Policing during the January bushfires; and participation in the AFP/APS and SAPOL joint operation conducted at the Baxter Immigration Reception and Processing Centre (IRPC) in relation to demonstrations during the Easter long weekend.

On 1 July 2002, the AFP became the prescribed Financial Management and Accountability Act agency for the APS. This is already enabling enhanced collaboration on financial management issues.

EXECUTIVE

Significant events relating to the AFP Executive in 2002-03 included:

- > from 1 July 2002, the AFP assumed responsibility for the APS. The position of Executive Director Protection was created in October 2002 to oversee the operations of the APS and the Protective Security functions of the AFP. The APS executive services were restructured with the consolidation of the APS with the Protection Services portfolio of the AFP to form the Protection and Guarding portfolio. This portfolio includes responsibility for delivery of outputs 1.2, 1.4, and reports to the Executive Director Protection. This portfolio has been recently expanded by the inclusion of the AFP's counter-terrorism function. Federal agent Audrey Fagan has been performing the role of Executive Director Protection;
- > the secondment and subsequent appointment of Mr Trevor Van Dam as the Chief Operating Officer, following the departure of Mr Simon Overland to a position with Victoria Police. Mr Van Dam was seconded from Customs on 30 September 2002 and was confirmed in his position on 1 February 2003;
- > the transfer of Federal Agent John Lawler, APM,

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from General Manager Eastern Operations to the newly created position of General Manager Executive Services on 17 February 2003 and the subsequent appointment of Federal Agent Tony Negus, Director, Operations, Eastern Operations, to the position of General Manager Eastern Operations on 27 February 2003;

- > the transfer of federal agent Mark Ney on 7 June 2003 from General Manager Northern Operations to the newly created position of General Manager Human Resources (previously General Manager People and Finance) and Federal Agent Barry Turner appointed to the role of General Manager Northern Operations from 7 June 2003;
- > the appointment of Ms Dianne Carlos on 5 May 2003, as Chief Financial Officer, following the transfer on 28 January 2003 of the previous Chief Financial Officer, Mr Brian Cooney to the position of Director Support, Southern Operations. Ms Carlos has assumed the financial functions previously performed by the General Manager People and Finance, Ms Marion Cowden, who resigned from the AFP on 6 June 2003;

- > the transfer of Federal Agent Steve Jackson from General Manager Western Operations to General Manager Protection and Guarding on 3 February 2003 and the subsequent appointment of federal agent Nick Anticich on 10 February 2003 as General Manager Western Operations;
- > the transfer of Federal Agent Dennis McDermott on 27 September 2002 from the General Manager Protective Security to the position of Deputy Commissioner, UNMISET until 30 June 2003; and the appointment of Federal Agent Sandra Peisley from 23 June 2003 to the position of Commissioner, UNMISET; and
- > the transfer of Federal Agent Ben McDevitt from General Manager National Operations to the position of General Manager Counter-Terrorism on 7 April 2003 and his subsequent transfer on 10 June 2003 to the Solomon Islands project.

COMMISSIONER'S OFFICE

Commissioner Keely was appointed Chair of the Board of the newly formed Australian Crime Commission on 1 January 2003.

RECOGNITION AND CEREMONIAL TEAM

The Recognition and Ceremonial Team was established within the Office of Commissioner in January 2003. The primary responsibilities of the team are to:

- > implement the Recognition Program;
- > this includes the investigation and facilitation of internal awards; the investigation and processing of awards under the National Awards and Honours system; the investigation and pursuance of appropriate awards from other external sources; and the development of awareness of the recognition mechanisms available to AFP employees; and
- > ensure the timeliness and coordination of ceremonial events such as: National Police Remembrance Day; Medal and Award ceremonies; police funerals; and the United Nations Day Service.

The team is developing a reporting process to formally recognise the work of AFP employees, with internal or external awards.

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A range of new internal awards has been developed with the approval of the National Management Team (NMT) and will be introduced shortly. They are the:

- > Commissioner's Medal for Excellence;
- > Commissioner's Medal for Innovation;
- > Commissioner's Commendation for Bravery;
- > Commissioner's Group Citation for Bravery;
- > Commissioner's Commendation for Conspicuous Conduct;
- > Commissioner's Group Citation for Conspicuous Conduct;
- > Commissioner's Commendation for Excellence in Overseas Service;
- > Commissioner's Group Citation for Excellence in Overseas Service;
- > Commissioner's Commendation for Hazardous Overseas Service;
- > Commissioner's Group Citation for Hazardous Overseas Service;
- > Australian Federal Police Medal;
- > Australian Protective Service Medal; and
- > Australian Federal Police Operations Medal.

Following the Bali bombings and Canberra bushfires, recognition investigations teams were established to review whether any instances of conspicuous or brave acts were performed during and post these events. These reviews are ongoing and it is anticipated that the names of members will be put forward for consideration under the Australian Honours System. Consideration will also be given to recognise AFP members and others under the new AFP Commissioner's internal awards framework.

Details of awards presented during 2003-03, and Australian Police Medal and Australia Day Medallion recipients are provided at [Tables 40, 41](#) and [42](#) in the Appendixes.

NATIONAL POLICE MEMORIAL

In 2001, the Australasian Police Ministers' Council resolved to establish a National Police Memorial, funded equally by the Commonwealth, the States and Territories and Police Federations. The memorial is intended to pay tribute to Australian police officers killed in the line of duty and to recognise the unique nature of police service and the dangers faced in daily police activity.

The AFP was nominated by APMC's Senior Officers' Group to chair a working group progressing the development of the memorial. To meet the emerging needs of the project, a broader based steering committee, incorporating the members of the working party, was established to oversee and guide this development work. This committee includes representation from several police services, the Police Federation of Australia and Police Legacy.

The AFP is also working closely with the National Capital Authority on this project and, with the agreement of all Commissioners, continued to negotiate an MOU with the NCA during 2002-03. A major element determined during 2002-03 was selection of a proposed site within the National Triangle for the memorial at Kings Park (Canberra). This followed an August 2002 site visit by the Senior Officers' Group working party and the development of plans by the National Capital Authority.

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EXECUTIVE SERVICES

In February 2003, the position of General Manager Executive Services was created. This position has a portfolio that incorporates the Commissioner's Office, Marketing and Communications, Outcome Service Delivery (OSD) and a new team, Legislation and Ministerial. The Legislation and Ministerial team is a merger of the Ministerial and Secretariat team and the Legislation Program. The portfolio is to enhance the AFP's strategic monitoring, reporting, and coordination capabilities, by assembling within the portfolio those elements with high levels of client, partner and stakeholder responsibilities. The portfolio seeks to exploit synergies to better meet and service the needs of government, clients, partners and stakeholders.

MARKETING AND COMMUNICATIONS

The Media and Public Relations area was renamed Marketing and Communications to reflect an increased focus on internal communications and marketing the AFP's image. The Marketing and Communications team continued to be centrally involved in the AFP's internal and external communications.

The Media team ensured a steady stream of accessible information to media outlets during the Bali bombings, the aftermath and the trials of the accused. This team operated similarly during the Canberra bushfires, supporting the ACT Media Team, dealing with local, national and international demands for information. During the reporting period, the area produced more than 150 media releases and supported all of the AFP's major operational activities.

The AFP experienced a dramatic and sustained increase in media interest during the year, with the Media team monitoring and assessing information coming into the AFP via the media, while organising access to AFP members for interviews and media conferences and to provide information to the media – print, radio and TV, along with Web news centres.

The Marketing and Publications team maintained its coverage of its area of expertise, the Marketing team embarking on a branding and communications audit for the AFP while the Publications team continued to produce the regular news magazines, AFP News (for members) and Platypus (for external stakeholders), and other key publications.

The Marketing team consistently offered its services to other areas within the AFP, to assist with assignments such as Workplace Diversity programs, video and audio production, photography and major events management and launches.

Information on the APS's Marketing and Media Section can be found in Chapter 5, under 'Advertising and market research'.

OUTCOME SERVICE DELIVERY

Outcome Service Delivery (OSD) focuses on the various stages of the outcomes based planning processes for Outcome 1 and was established to give effect to the AFP's commitment to deliver targeted, quality and relevant investigative and other services to its clients. OSD comprises three main functional units - the National Operations Monitoring Centre (NATOMC), which performs a wide range of operational monitoring functions at the national level, the national Client Service Team in AFP Headquarters and the Organisational Performance Team.

During 2002-03, the NATOMC continued to perform a diverse range of functions including: monitoring the operational use of PROMIS and the consistent application of the AFP's Case Categorisation and Prioritisation Model; overseeing AFP controlled operations functions including the quarterly reporting to the Minister on the management and outcomes of controlled operations; preparing daily situation reports and briefings for the AFP Executive on management significant operations; and, on behalf of the Commissioner's Office, coordinating and undertaking the analysis of operational business units' performance as part of the Business Activity Analysis process.

In 2002-03, the CST continued to focus on its three main functions: to contribute effectively to the Commonwealth's fraud control strategies; to facilitate the reporting of matters to the AFP for possible investigation; and to monitor and enhance the AFP's relationships with its clients. CST continued to liaise closely with the Client Liaison Officers (CLOs) in the major business units, holding quarterly meetings attended by all CLOs and to liaise on a regular basis with AFP outposted members. The Organisational Performance Team (previously known as the Performance Evaluation Team) is responsible for reporting within the context of the Government's outcomes and outputs framework.

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In November 2002, the team was transferred from Information Management to OSD.

Further information of OSD activities and achievements in 2002-03 can be found in the sections on Outcome 1 performance measures.

LEGISLATION AND MINISTERIAL

This business unit is the primary point of contact between the AFP and the Office of the Minister for Justice and Customs; and the AFP and the Attorney-General's Department. All references from other Government agencies are also filtered through the business unit to ensure consistency and timeliness. The business unit is responsible for the development, coordination and quality assurance of: parliamentary program matters (such as Possible Parliamentary Questions); the Cabinet liaison function; replies to ministerial correspondence; Ministerial briefings; Senate Estimates and Additional Estimates briefings; all matters related to and arising from Parliamentary Committees; development and submission of the Minister's overseas travel program; and submissions to Commonwealth agencies. It also monitors and provides executive briefing on contemporary issues and their impact on the AFP.

During 2002-03, the business unit also assumed responsibility for the provision of Secretariat Services to seven executive level committees. These committees include internal membership (such as the Transnational Crime Management Team and external membership (such as the Board of Management for the Australian Hi Tech Crime Centre).

During 2002-03, the area progressed:

- > 204 Possible Parliamentary Questions;
- > 333 items of Ministerial correspondence;
- > 507 Ministerial briefings;
- > 70 Senate Estimates Questions on Notice;
- > 19 Questions on Notice; and
- > 81 submissions to Commonwealth agencies.

The AFP is committed to securing legislative reform that appropriately reflects the interests of law enforcement within the criminal justice system. The combined

efforts of the Legislation Program and operational members have been successful in securing a range of legislation to support Outcome 1 and Outcome 2 activities in 2002-03. Achievements that support the AFP's commitment to combating serious and transnational crime include new criminal offences such as murder of Australians overseas, sexual servitude, terrorism and terrorist financing. During 2002-03, the Legislation Program continued to work closely with AGD and to consult widely with other portfolio agencies, particularly Customs, the ACC and AUSTRAC. For example, the AFP, AGD and DPP worked very closely together to enable important amendments to support victim identification to be drafted and passed into law within 11 days of the Bali bombings.

The Legislation Program contributed to other new and amended legislation covering a broad range of AFP national and international investigations including the: [Australian Crime Commission Establishment Act 2002](#), [Crimes Legislation Amendment \(People Smuggling, Firearms Trafficking and other Measures\) Act](#), [Criminal Code Amendment \(Terrorist Organisations\) Act 2002](#) and associated Regulations, [Charter of the United Nations \(Terrorism and Dealing with Assets\) Regulations 2002](#), and [Criminal Code Amendment \(Offences Against Australians\) Act](#).

Legislation and amendments (approved for drafting and introduction) included: counter-terrorism-related matters based on a review post the Bali bombings covering matters such as extension of AFP powers, amendment of the definition of terrorism offences in the Telecommunications (Interception) Act and other machinery amendments, telecommunications offences, sexual servitude and people trafficking legislation and AFP/APS integration legislation.

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LEGAL AND POLICY

POLICY GROUP

During 2002-03, the Policy Group focused on three key objectives:

- > ensuring that AFP policy development activities met the requirements and expectations of government and the Commissioner, in particular in responding to the changing international security environment;
- > maximising benefits from policy relationships with partners and stakeholders, particularly in the context of high level forums (e.g. APMC, Police Commissioners' Conference); and
- > ensuring that the AFP's policy positions were consistent with, and advanced its overall strategic direction.

A number of initiatives were undertaken to support these objectives. The Bali bombings, the subsequent security review conducted by PM&C and implementation of the agreement reached at the Leaders' Summit on Terrorism and Multi-Jurisdictional Crime 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 supported the establishment of the ACC, in particular providing policy support for the Commissioner's role as a member and later Chair of the ACC Steering Committee. Following the ACC's commencement on 1 January 2003, the Group focused on the provision of briefing and coordination support for the Commissioner in his new roles as the Chair of the ACC Board and as Co-Chair of the Asia/Pacific Group on Money Laundering.

In addition to these activities, the Policy Group:

- > continued to provide core policy support to and coordination and development of briefings for a range of committees;
- > coordinated the development of new policy proposals, working in close consultation with relevant operational areas and financial services officers;
- > provided secretariat support for the NMT and for

the STSC and its supporting groups;

- > coordinated the preparation of submissions for parliamentary inquiries; and
- > serviced the AFP's requirements as a member of peak law enforcement and associated bodies, and derivative, consultative and research bodies in relation to drugs policy.

LEGAL GROUP

The Legal Group provided and managed the provision of legal advice and services across all of the AFP's operational outputs and enabling services during 2002-03. These services included:

- > providing advice on a wide variety of employment, administration, governance and policy issues;
- > providing advice on commercial, contracting and tendering activities;
- > providing advice to all levels of the organisation in respect of matters arising from investigations or operational activity;
- > managing civil claims and litigation involving the AFP in a variety of forums;
- > overseeing the AFP's interests and obligations in relation to incident notification and claims on its insurer, Comcover; and
- > coordinating external legal assistance and representation, ensuring that the Commonwealth's interests were appropriately represented and legal resources effectively used.

The Legal Group contributed to the AFP's efforts in meeting many of the significant challenges it faced during 2002-03. Proactive legal assistance was frequently required in order to ensure the attainment of operational outcomes, such as facilitating the legal exchange of DNA data with police services in Australia and overseas, required for post Bali victim identification.

Demand for assistance from Legal continued to grow. 2002-03 year saw a 15 per cent increase in matters referred to Legal compared with 2001-02 and an increase of 50 per cent since 1999. Referrals remain high across all areas of activity.

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HUMAN RESOURCE MANAGEMENT

In 2002-03, the AFP continued to implement human resource management and development initiatives which maximise the adaptive capacity of the workforce. The flexibility and effectiveness of this approach has been demonstrated by the AFP's ability to effectively respond to the dynamic crime environment. As an example, during 2002-03, the AFP was able to quickly and effectively divert human resources into counter-terrorism activities and meet an increased demand for Close Personal Protection of VIPs.

The APS Human Resources Section comprises all aspects of human resource management, including payroll processing. During 2002-03, programs undertaken included: development of a performance management system; implementation of workplace relations instruments (detailed below); and recruitment and selection of members.

STRATEGIC HUMAN RESOURCES

To improve performance in a complex and challenging operating environment, the AFP needs to attract, develop, motivate and retain high quality, adaptive employees. In 2002-03, programs were developed and implemented to support this aim by responding to motivation and career issues identified in a staff satisfaction survey (Staff Opinion and Analysis Review or SOAR), first conducted in 2001. Programs included:

- > development of the People Development Framework (PDF) and realignment of human resource management systems and processes to reflect PDF outcomes;
- > review of selection processes and the promulgation of necessary governance instruments such as the Commissioner's Order 7 and a national guideline on engagement, advancement and long-term transfers;
- > development and implementation of the Career Self-Assessment and Planning System (CAPS);
- > implementation of a skills database to capture operational readiness information about AFP employees to better inform deployment decisions; and

- > negotiation of research opportunities for AFP members with the Australian Institute of Criminology and the Australian National University.

The PDF, to be implemented in July 2003, is a fully integrated system for human resource management in the AFP. It provides a map of behavioural requirements that characterise high performance and leadership capabilities for all role groups and classification bands within the AFP and will ensure a synergy between AFP selection, development, appraisal, deployment and classification tools. The integration of the AFP's human resource management tools under the PDF will seek to ensure that the AFP has the right skill mix and work ethic to meet existing and emerging business needs.

Transparent, fair and merit-based selection processes were enhanced under a new Commissioner's Order and National Guideline for engagement, advancement and long-term transfer of AFP members. The AFP has entered into an MOU with the Merit Protection Commissioner for the provision of independent convenors for selection panels. All selection panellists are trained, with a view to the delivery of quality, uniformly applied selection processes. To date, 414 people have been trained and their details entered into a register of selection panellists.

CAPS offers employees an interactive web-based tool and support networks to assist in identifying career aspirations and development needs for the future. It provides independent job information and highlights the wide range of career opportunities offered within the AFP. It also supports individual career plans to position employees competitively for opportunities within the AFP. Since its introduction in February 2003, 856 unique users have accessed the system and a total of 17,464 language, transferable and technical skills have been entered.

To maintain the AFP's focus on improved human resource management, another SOAR survey was conducted in March 2003. The results show significant improvements in staff motivation and satisfaction stemming from the above initiatives. The SOAR survey provides a measure of staff interest, satisfaction and commitment by measuring the motivational drivers of job, organisation, career and manager.

A snapshot of SOAR 2003 results follow:

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- > 91 per cent of members returned survey responses (against a target return rate of 90 per cent). Accordingly the survey results are highly reflective of the workforce's views and opinions;
- > the results show a significant improvement in results on all measures, against the previous SOAR survey;
- > APS results show a significant improvement, despite the latest survey being conducted only eight months after the previous APS survey;
- > when benchmarked against other SOAR survey users, the AFP scored higher on all indicators than other users. This also represents a significant improvement over the previous reporting period; and
- > the effectiveness of strategic human resource initiatives in response to SOAR 2001 is demonstrated by excellent improvements on the organisation and career measures.

Improvements in the results for organisation and career reflect the impact of the introduction of CAPS, the skills database and improvements to selection processes. The results also assist in identifying future enhancements to the AFP human resources management framework and approach.

The AFP also developed key partnerships with research bodies to increase AFP employees' opportunities for development. The AFP negotiated cooperative research agreements during 2002-03 with the Australian Institute of Criminology and the Australian National University which will allow AFP employees to be involved in research teams and other activities.

In relation to the APS, implementation of strategies continued throughout the year to address a range of issues arising from a staff survey conducted prior to July 2002 when the APS became an operating division of the AFP. These strategies included providing greater opportunities for staff development and more visible leadership. Continued progress was also made in addressing issues which arose from the Due Diligence review of APS governance prior to July 2002.

WORKFORCE PLANNING

The AFP continued to improve its workforce analysis and planning capacity with the establishment of a workforce planning group and regular reporting of workforce planning data and capacity information to business planning forums within the AFP. The workforce planning group informs budget planning and formulation of recruitment strategies and considers analysis of workforce trends.

Workforce planning over the reporting period has been particularly challenging, given the requirement to effect significant redeployment of members, particularly sworn members, to counter terrorism activities and to meet an increased demand for CPP of VIPs.

It should be noted that significant reallocation of federal agents raises both immediate and longer-term workforce planning issues for the AFP. For example, a significant component of these redeployments have been sourced from ACT Policing (where the relevant expertise resided) and fully back-filled to maintain the requirements of the intergovernmental agreement. Policing skills are not available in the open market and take three to five years to fully develop. Accordingly, arrangements for the managed phase back of staffing allocated to specifically funded fixed term programs are required as part of the AFP's workforce planning processes.



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At 30 June 2003, the total number of AFP employees was 3,496, comprised of the following:

TABLE F: AFP EMPLOYEES 2001-03

| | 2002-03 | 2001-02 |
|-------------------|---------|---------|
| Outcomes 1 and 2 | | |
| Members (Sworn) | 2,297 | 2,043 |
| Members (Unsworn) | 1,199 | 1,008 |
| Total | 3,496 | 3,051 |

The increase of 14.59 per cent over the previous reporting period reflects additional recruitment for new measures announced in the 2002-03 Budget.

A detailed breakdown of the geographical distribution of sworn and unsworn AFP members and operational and non-operational APS members can be found in [Tables 28 in the Appendixes](#). Summary details of the staff years consumed in Outcome 1 (that is, the average Full-Time Equivalent) are provided at [Table 2 in Appendix 1](#).

At 30 June 2003, the total number of APS employees was 1,264, comprised of the following:

TABLE G: APS EMPLOYEES 2001-03

| | 2002-03 | 2001-02 |
|---|---------|---------|
| Output 1.4 ~ Guarding and Security Services | | |
| Members (Sworn) | 1,087 | 920 |
| Members (Unsworn) | 177 | 103 |
| Total | 1,264 | 1,023 |

A detailed breakdown of the geographical distribution of operational and non-operational APS members can be found in [Table 29 in the Appendixes](#).

The increase of 23.6 per cent in the number of members over the previous reporting period reflects expanded activities undertaken in aviation security and expansions negotiated with other commercial clients.

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RECRUITMENT AND RETENTION

During 2002-03, the AFP continued with an intensive recruitment program to meet the demands arising from increased responsibilities for counter-terrorism activities and other new measures announced in the 2002-03 Budget and to offset ongoing attrition.

The average length of service for AFP members is 9.02 years. For sworn members (uniform members and federal agents), the average length of service is 11.11 years. The annualised attrition rate for 2002-03 was 5.10 per cent, compared with a rate of 6.33 per cent in 2001-02. More detailed information is provided in [Table 36 in the Appendixes](#).

The effectiveness of the AFP's approach to recruitment and development of sworn members, with a focus on maximising adaptive capacity, is reflected by the ability of members with less than five years service to effectively back-fill more experienced members, who have been redeployed to counter-terrorism and CPP activities.

During the review period, a survey was conducted of sworn members recruited in the previous two years, to better determine the degree of fit between the qualities being sought in recruits and their aspirations. This allowed for the development of improved recruitment material and a clearer employment offer to prospective recruits. The improved match between recruit aspirations and the nature of work being offered by the AFP resulted in a very low wastage rate of recruits over the reporting period.

The implementation of a lateral recruitment program over the review period also allowed for the recruitment of experienced police officers and so improved the existing experience mix within the AFP. Maintenance of a capacity for ongoing recruitment is a factor which is considered within the context of AFP forward workforce planning.

Considerable recruitment activity was undertaken by the APS during 2002-03 to meet increased security needs in a number of areas including increased aviation security, which resulted from the 2002-03 new Budget measures. A total of 403 members were recruited, further details of which are provided in [Table 31 in the Appendixes](#).



During 2002-03, the AFP took an active part in a range of community events and national celebrations such as Harmony Day, International Women's Day, Reconciliation Week, National and Aboriginal Islander Day Observance Committee, NSW Mardi Gras and Victoria Pride March, AIDS Awareness and Disability Awareness days.

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WORKLIFE DIVERSITY

The AFP actively promotes a diverse workforce, recognising the opportunities it provides to improve client service through better communication and understanding of client needs. Consequently, recruitment initiatives during 2002-03 encouraged women, indigenous people and individuals who have a cultural and linguistically diverse background to seek employment with the AFP in accordance with the Worklife Diversity Business Plan 2001-2003, Beyond Compliance.

During 2002-03, the AFP took an active part in a range of community events and national celebrations such as Harmony Day, International Women's Day, Reconciliation Week, National and Aboriginal Islander Day Observance Committee, NSW Mardi Gras and Victoria Pride March, AIDS Awareness and Disability Awareness days.

The AFP continued to support internal employee networks. The Malunggang Indigenous Officer Network and the Gay and Lesbian Liaison Officer network have senior executive sponsors who provide advice and advocacy for the networks. Regular network forums provide the opportunity for feedback and strategy development. The networks also provide ongoing support to managers and individuals in addressing diversity issues and concerns.

During 2002-03, the AFP maintained an active stance against workplace discrimination and harassment through the implementation of compulsory (for all employees and contractors) online training on these issues. In addition, 100 members of the extensive Confidant Program received specific Dealing with Harassment training to help them support individuals who have concerns about negative workplace behaviour.

SOAR survey results demonstrated the positive impact of worklife diversity programs, with improved scores against male orientation, family/shiftwork conflict and flexible conditions measures. The decreases in the male orientation and family/shiftwork conflict scores and an increase in the flexible conditions scores represent positive improvement in these areas, over the reporting period.

Worklife diversity also facilitated support to families of members deployed without notice, away from their homes through the extension of flexible arrangements regarding the provision of domestic support services.

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The APS Workplace Diversity Plan provides the framework to maintain, support and promote established diversity goals. Throughout 2002-03, and as a result of the commencement of integration with the AFP, the APS introduced several enhancements to continuing initiatives. These included the ongoing delivery of Harassment Contact Officer training to APS employees around Australia, quarterly reporting through the Harassment Contact Officer networks, participation with the AFP in community events and development of internal networks with the AFP.

The APS maintains liaison with the Australian Public Service Commission (APSC) Diversity Network, the Office of the Federal Privacy Commissioner and the ACT Small Agencies HR Forum. Workplace diversity presentations are provided at all Leadership Development Programs and induction courses for APS employees.

2002 WOMEN AND POLICING GLOBALLY CONFERENCE

The AFP's commitment to diversity was embodied in its co-hosting, with the Australasian Council of Women and Policing and the International Association of Women Police, of the 2002 Women and Policing Globally Conference. Held in Canberra from 20-23 October 2002, the AFP sponsored the participation of more than 110 local and international delegates at the conference.

Overall, 689 registered delegates from 48 countries attended the conference. The conference offered a prime opportunity to consider issues including human rights abuses, violence against women, and women's roles in peacekeeping, counter-terrorism, and other law enforcement activities.

WOMEN IN LAW ENFORCEMENT STRATEGY

An initiative of Heads of Commonwealth Operational Law Enforcement Agencies with support from the Commonwealth Office of the Status of Women, the Women in Law Enforcement Strategy (WILES) aims to foster and encourage women pursuing careers, especially senior positions, in law enforcement and regulation. Initiatives designed to pursue these objectives are the annual WILES mentoring program, the WILES Series of Talks and development workshops.

During 2002-03, the AFP chaired (Executive Director Protection) and provided secretariat support for the

WILES Steering Committee.

NATIONAL WOMEN'S CONSULTATIVE TEAM

The National Women's Consultative Team (NWCT) was established by the Commissioner in 1999 and consists of 26 women who have been selected from across the AFP to provide support to management and the AFP delegates for the Commissioner's Australasian Women in Policing Advisory Council. A key role of the team is to provide leadership to local networks.

Members of the NWCT are committed to attending the national network meetings and sharing information between local and national groups. The success of the NWCT relies on local networks, with active networks operating in each of the main AFP business units. Developmental opportunities are arranged through local networks and these have been particularly successful. During the year, courses were conducted on a number of issues including skills in interviewing and personal development.

CERTIFIED AGREEMENT AND AUSTRALIAN WORKPLACE AGREEMENTS

The conditions of service for employees of the AFP are covered by a Certified Agreement (CA) made in accordance with s. 170LK of the [Workplace Relations Act 1996](#), individual agreements with employees and Determinations made by the Commissioner under s. 27 and s. 40(H)(2) of the [Australian Federal Police Act](#). The CA applies to 3,330 employees who are based in Australia.

The terms and conditions of the CA do not apply to the senior executive officers and those employees posted overseas or to the External Territories (as specified by sub-clause 8.4 of the 1999-2002 CA). These employees have terms and conditions specified through individual agreements and Commissioners of Police Determinations. At 30 June 2003, there were 48 senior executive officers, 101 members serving overseas and 26 members serving in the External Territories. Australian Workplace Agreements (AWAs) are made available by the Commissioner to employees. During 2002-03, 41 AWAs were entered by members with the Commissioner compared with one agreement in 2001-02. This increase relates to AFP employees performing duty in the ABCI who were subsequently transferred to the ACC on 1 January 2003.

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The 1999-2002 CA reached its nominal expiry date on 12 November 2002. The replacement of this agreement was delayed as a consequence of the AFP's involvement in a number of major operations. Following extensive consultation with employee groups and the Australian Federal Police Association, a replacement CA was completed and following a vote by employees was certified by the Australian Industrial Relations Commission (AIRC) on 27 June 2003.

The new agreement clarifies and consolidates the directions set in the 1999-2002 CA including the continued development of a professional remuneration structure for AFP employees. This approach enabled conditions to be included which provide for increased workplace flexibility, an enhanced capacity to respond to emerging situations and an improved worklife balance to be achieved by employees.

The APS has separate arrangements from the AFP for agreement-making. Currently, the APS does not have an agency-specific CA, with various conditions of service existing for each category of employee.

- Conditions of service for non-management operational officers are established under the Commonwealth Employment (Protective Service Officers) Award 2001 made under s. 170MX of the Workplace Relations Act. During 2002-03, this award provided for a pay increase of four per cent payable from 29 August 2002.
- APS Station management officers and administrative and managerial officers in the national headquarters are covered by AWAs.
- Separate to these arrangements, conditions of service for officers employed in the ASO program are the subject of a s. 24 Determination under the Public Service Act 1999.

The salary ranges for APS employees are shown in [Table 35 in the Appendixes](#).

Non-salary benefits to APS employees are limited to the salary packaging provisions available through the MX Award and AWA arrangements. In each case, these are limited to salary packaging of up to 50 per cent of salary.

REMUNERATION OF SENIOR EXECUTIVES

Remuneration and conditions of service for senior executives within the AFP are determined by the Commissioner with each senior executive entering an individual agreement at the commencement of the engagement. These agreements are reviewed by the Commissioner annually or more frequently should it be considered appropriate, having regard to changes in responsibilities and performance in contributing to the achievement of corporate objectives. In such instances, new agreements are set between the Commissioner and the relevant senior executive. Where the Commissioner determines that a particular senior executive has produced outstanding results in achieving objectives or achieved for the organisation additional outcomes, a bonus payment may also be made in recognition of that contribution.

INDUSTRIAL DEMOCRACY

The new CA continued to underpin the operations of the National Teams Model within the AFP which was also supported by the previous agreement. This provides for team member involvement in the establishment and variation of work practices to meet day-to-day and major operational requirements.

The Board of Reference which was established in the previous CA as part of the dispute resolution processes has been retained in the new agreement. The Board met seven times during 2002-03. The Board was not required to issue any formal determinations as matters which were brought before it were resolved by agreement.

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LEARNING AND DEVELOPMENT

An effectively trained and knowledgeable workforce remains a key element of the AFP's ability to meet the challenges presented by a dynamic transnational crime environment. During 2002-03, Learning and Development – based at the AFP College in Barton ACT – continued to develop its core programs while adapting to the requirements of the AFP's increased focus on counter-terrorism. Major initiatives included further restructuring to a university style education system with specific training faculties (Policing, Security and Public Order, Professional Development, Counter-Terrorism Training Coordination Unit and Federal Law Enforcement Training Coordination) and enabling service areas (Development and Standards and Learning Support Services); Learning Support Services is responsible for the management of all student administration, finance, contracts, technical support, building maintenance and security.

To ensure the training and learning programs remained relevant to AFP needs, the AFP Board of Studies continued to oversee all academic matters relating to the AFP. 2002-03 was a year of growth and diversification for Learning and Development. This was due to the increase in recruit training, the incorporation of the new subject area of counter-terrorism training, the production of in-house leadership training and the increased demand for training from our offshore law enforcement partners. The range of programs and numbers of participants trained included:

- > 4,253 AFP participants attended internally or nationally accredited programs;
- > 339 external clients attended internally accredited programs or workshops;
- > 3,198 internal and external clients attended AFP workshops or seminars; and
- > 91 new unsworn employees attended AFP induction programs.

The changing transnational crime environment's impact on the AFP's operational focus over 2002-03 ensured there was strong demand for training in areas such as CPP and e-crime. This complemented the ongoing and enhanced training needs in the more

traditional and generic areas of intelligence and surveillance.

Links were also maintained with the Australian Institute of Police Management for the continued delivery of management programs for AFP members. The Commissioner of the AFP co-chaired the AIPM's Board of Control during 2002-03.

The total budget for Learning and Development in 2002-03 was approximately \$25 million or 4.2 per cent of the total AFP Budget.

Following a reconsideration of the Management of Serious Crime program and its interconnections with other parts of the AFP, on 1 July 2003 MOSC will become part of the Learning and Development portfolio.

FACULTY OF POLICING

The Faculty of Policing provided the primary operational training needs of the AFP during 2002-03. The Regional Training Teams located in Sydney, Brisbane, Melbourne and Perth facilitated local training requirements including programs on women in leadership, leading your teams, conflict resolution, financial management, proceeds of crime and financial investigations.

The AFP inducts sworn members through two main mechanisms – the Federal Police Development Program (for new recruits) and the Federal Police Lateral Program (for entrants from other police services). As the faculty responsible for the delivery of these programs, the AFP's increased recruitment level was consequently reflected in the faculty's operations during 2002-03 with almost 70 per cent more participants in Federal Police Programs in 2002-03 compared with 2001-02. Further details of participation in AFP training programs in 2002-03 are provided at Table 38 in the Appendixes.

FACULTY OF SECURITY AND PUBLIC ORDER

This faculty administers the Operational Safety Committee, which meets quarterly. The Committee, chaired by the Director of Learning & Development, has representation from a broad cross-section of key stakeholders, including ACT Policing, OH&S, Professional Standards, School of Operational Safety, CPP, the Policy Group, AFP Special Projects, APS and Customs. The Committee is committed to providing high-level

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advice and strategic direction for the AFP's operational safety environment. Significant achievements of the Committee during the reporting period included:

- > the upgrading of all AFP firearm unloading/loading facilities. This project is nearing completion;
- > the approval of equipment for alternative storage and unloading facilities, and
- > continued monitoring of workplace operational safety incidents with a view to address current and emerging trends through policy, administration and training initiatives.

The AFP's Canberra firing range was destroyed in the bushfires in January 2003. While firearms recertification training was disrupted, firearms training for recruits continued using other local facilities generously made available by the Department of Defence. Plans are under way to rebuild the firing range at the Wanggirrali Ngurrumbai Centre at Majura, Canberra.

2002-03 also saw increased demand for Close Personal Protection training with participant numbers more than quadrupling from 2001-02 (from 16 to 66). Seven peacekeeper programs trained 145 participants, sourced from the AFP and all mainland police services. Five senior members of the Policia Naciona de Timor-Leste also completed the program.

FACULTY OF PROFESSIONAL DEVELOPMENT

This faculty implemented a range of new programs during 2002-03 in support of identified workplace needs including Analyst Notebook training, digital imaging and the Senior Leadership Development Program, designed to provide contextualised management and leadership training to experienced team leaders and coordinators.

E-crime training remained a priority with resources focused on continued delivery of e-crime programs (with 253 participants or more than double 2001-02 participants). Similarly, participant numbers more than doubled for criminal intelligence training programs (including Intelligence Analysts Notebook, field intelligence, human source handling and strategic intelligence) with 206 members trained compared with 80 in 2001-02. The faculty also coordinated and hosted the National

Surveillance Trainers Conference on 23-24 April 2003 at the AFP College, attended by representatives of most Australian law enforcement agencies. As with other faculty courses, participant numbers in surveillance courses almost doubled in 2002-03 compared with the previous financial year.

COUNTER-TERRORISM TRAINING COORDINATION UNIT

The Counter-Terrorism Training Coordination Unit was established in December 2002 after the Bali bombings to provide a specialised training response to the AFP's enhanced counter-terrorism activities. The Unit was highly active during 2002-03, delivering counter-terrorism awareness programs to over 200 participants in Adelaide, Brisbane, Canberra, Perth, Melbourne and Sydney and to four AFP recruit classes. The Unit also developed a specialised counter-terrorism workshop which was delivered to the newly formed JCTTs.

FEDERAL LAW ENFORCEMENT TRAINING COORDINATION

Training was delivered to 15 Australian partner law enforcement agencies including Customs, Department of Immigration and Multicultural and Indigenous Affairs (DIMIA), ACT Corrections, the Australian Crime Commission (ACC), Centrelink, the RAAF and the Human Rights and Equal Opportunity Commission; 562 participants went through the courses, covering a wide range of activities such as financial investigations, fraud control investigations, use of force, intelligence, human rights and e-crime. These programs are customised where needed.

A total of 330 overseas participants were trained from 28 countries on programs covering financial investigations, intelligence, investigations, negotiation, surveillance, controlled deliveries and supervision.

DEVELOPMENT AND STANDARDS

AFP online learning became fully interactive in 2002-03 through the use of multi-media technology, providing superior learning outcomes. During 2002-03, the AFP developed and delivered online courses for proceeds of crime legislation, Career self-Assessment and Planning System (CAPS), evidence and judicial structures, an e-crime introduction reference course and two surveillance-related courses. It also delivered online training in Microsoft Office products.

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APS LEARNING AND DEVELOPMENT

The APS operates a centralised National Training Centre which conducts all recruitment training and specific purpose officer development, as well as delivering a range of commercial training programs to government agencies. In addition, the Air Security Officer program has developed a dedicated special purpose training facility for officers deployed to that program.

All operational APS recruits undertake an ongoing learning program to attain Certificate II and III in Security (Guarding) and are trained to Advanced First-Response standard. A program of upgrading existing officers to AFR standard is ongoing. Further details of participation in APS training programs in 2002-03 are provided at Table 39 in the Appendixes.

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CHAPLAINCY

The AFP Chaplaincy is an ecumenical multi-faith support service, currently staffed by the National Chaplain and one ACT-based part-time chaplain. The service is available to all AFP employees and their families with support including advice on religious and spiritual welfare and moral, ethical, morale and cultural matters, along with caring for employees who are posted overseas.

During 2002-03, the Chaplaincy provided pastoral care through counselling and individual and family support; and by visiting hospitals, homes, AFP workplaces and peacekeeping and disaster operations.

CONFIDANT NETWORK

The Confidant Network is an AFP program designed to provide personal and professional support to AFP employees dealing with behaviour contrary to the AFP core values of integrity, commitment, excellence, fairness, accountability and trust. When an AFP employee is concerned that the behaviour of another employee is inappropriate or unethical, that person can contact a representative of the Confidant Network Coordination Team directly or speak to a confidant of his/her choice by selecting from the list of trained confidants on the AFP internal Web site, AFPHub.

AFP confidants receive ongoing training to assist them in supporting individuals who have concerns about negative workplace behaviour. During 2002-03, 100 members received specific training in dealing with harassment.

To ensure the Confidant Network maintains effective response mechanisms, research was conducted with other law enforcement agencies during 2002-03, on responses to confidant referrals that originate from or are directly linked with conflict in the workplace. Some innovative techniques observed during this research will be trialled during 2003-04.

Matters referred to the AFP Confidant Program increased slightly during 2002-03 compared with 2001-02 (up to 152 from 142). Of these matters, nine per cent involved criminal allegations, 22 per cent involved inappropriate behaviour, 16 per cent involved conflict, 16 per cent involved harassment or discrimination, and the remainder related to various administrative, management and workplace procedures. Of the matters referred through confidants in 2002-03,

111 (72 per cent) have been completed. Of those, around one-third were referred back for management action (including facilitated mediation), 10 per cent were referred on to Professional Standards for investigation, 38 per cent received advice and chose to address matters themselves, five per cent were referred to welfare services and 13 per cent were information reports. The active referrals are either still under investigation or involve clients requiring ongoing support in the workplace.

MEDICAL SERVICES

AFP Medical Services comprise an internal occupational and public health medicine service and a clinical forensic medicine service. The occupational and public health medicine service covers such activities as the review of medical standards for applicants and ongoing employment, provision of advice on the medical preparation for operational deployment overseas and assessments of medical fitness for duty.

A program of upgrading the medical status of all AFP employees likely to deploy on overseas operations and to liaison posts was a focus during 2002-03, including managing the AFP's response to the threat of Severe Acute Respiratory Syndrome.

OCCUPATIONAL HEALTH AND SAFETY

The AFP is bound by and adheres to the provisions of the [Occupational Health and Safety \(Commonwealth Employment\) Act 1991](#) and the [Safety, Rehabilitation and Compensation Act 1988](#).

Internal audits were conducted in three business units covering several AFP workplaces. These audits form part of the commitment the AFP has to continuous improvement of its OH&S management system. OH&S training was provided to new recruits and members and to lateral transferees and middle/senior management. Pre-embarkation training was provided to members being deployed overseas and to other specialist groups.

The AFP continues to meet its responsibilities in relation to workers' compensation and rehabilitation. During 2002-03, the AFP notified Comcare of 84 incidents under s. 68 of the OH&S Act (accidents and dangerous occurrences). This compares with 81 incidents notified in 2001-02.

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There were no provisional improvement notices issued by AFP health and safety representatives during the reporting period, nor was the AFP subject to any notices issued or reactive investigations conducted by Comcare.

During 2002-03, National Guidelines on Workplace Incident Investigation, Emergency Management and First Aid in the Workplace were finalised. The National Guideline on Radiation Safety was reviewed and a practical guide for the effective conduct of local OH&S consultative forums was developed. Safety bulletins were disseminated to address identified needs.

The APS is committed to optimising the health and wellbeing of officers and to providing a safe and healthy workplace. During 2002-03, the APS initiated an Injury Prevention and Management Project as a joint venture with Comcare. This is designed to improve the APS health, safety and rehabilitation management systems aimed at reducing the APS workers' compensation costs. The Whole of Agency Injury Prevention and Management Project covers four broad categories: prevention; OH&S systems; rehabilitation; and compensation. Specific activities relating to these categories include a focus on the health, safety and rehabilitation roles and the responsibilities of all officers, the effects and management of fatigue, the conduct of safety audits in each APS Station and a review of the current physical fitness tests for PSOs.

EMPLOYEE ASSISTANCE AND PSYCHOLOGICAL SERVICES

The AFP's in-house employee assistance and psychological services program continues to grow in scope and diversity. In addition to providing ongoing assistance to a wide range of operational and enabling services areas, Employee Assistance and Psychological Services (EA&PS) added people smuggling, sexual assault, child abuse and transnational sexual offences to its client base during the reporting period. EA&PS also strengthened relationships with operational areas by providing them with specific psychological advice and skills to assist with investigations. This complements the traditional role of providing psychological support and programs to maintain the wellbeing of AFP members.

EA&PS played a prominent and ongoing role in the delivery and coordination of support within Australia and in Indonesia in relation to the Bali bombings. In

addition to receiving overseas support, employees benefited from psychological debriefing and numerous EA&PS information sessions. These experiences resulted in new training courses and policies to assist members responding to such incidents.

A high volume of psychological testing for recruitment as well as for selections to specialist roles was delivered in 2002-03. In response to the growing demand for such services, EA&PS has completed a competitive tendering exercise for the selection of an outsourced service provider. An MOU was also signed with Defence that allows the AFP to use the Department's computerised cognitive test system to assess applicants for AFP surveillance positions.

EA&PS continued to manage the outsourced Employee Assistance Program. This program was utilised by approximately six per cent of AFP employees during the reporting period, dealing with a wide range of issues such as critical incident exposure, interpersonal difficulties, family issues, work performance concerns and organisational change.

During 2002-03, welfare officers assisted International Services in the preparation of members and their families for overseas deployments, as well as supporting the re-integration of returning members. The welfare officers also provided employee and family support to those involved in the investigation of the Bali bombings and those outside of the ACT affected by the bushfires.

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FINANCIAL MANAGEMENT

The audited financial statements that appear at the end of this report reflect the financial position of the AFP and the business operations of the APS. The financial statements incorporate the APS for the first time. Key features include:

- > an increase in the net assets of \$9.89 million over the 2001-02 financial statements reflecting a healthy financial position for the AFP; and
- > the operating result shows a loss of \$604,000 compared with a surplus of \$21 million for 2001-02. The outcome reflects the significant additional costs to the AFP of meeting the operational requirements relating to the Bali bombings and assistance provided in response to other overseas counter-terrorism incidents. These have been met from within the AFP's cash reserves.

Table 1 in Appendix 1 provides summary details of the AFP's financial result.

The Financial Services (FS) group provides a range of corporate support services, including financial and asset management, budgeting and reporting, accounts processing, payroll management and services, cash management and treasury and external statutory reporting. Throughout 2002-03, FS delivered a range of initiatives to improve financial management and accountability within the AFP. These included:

- > forming a high level Finance Committee, chaired by the Commissioner and meeting monthly, focusing on strategic financial management and accountability in accordance with the Commonwealth Government's financial framework;
- > amalgamating the APS's financial operations with other AFP financial reporting from 1 July 2002. This included such items as GST reporting and internal and external financial reports;
- > reviewing salary packaging services which led to an in-sourcing of the administration of this service. This will improve the immediate availability of more accurate financial information and provide a more efficient delivery of the administration of this service for employees;

- > enhancing a range of business processes including identifying and progressing a number of improvements in the System Applications and Products (SAP) system (the AFP's human resources and financial management system) e.g. employee self service, electronic remittance advices, workflow of purchase orders;
- > introducing streamlined processes for dealing with money received from the public by FS and ACT Policing, providing a more client-focused service;
- > providing administrative support (including reimbursement of costs to State jurisdictions) and financial reporting on Australian police involvement in the Bali bombings investigations; and providing payroll support for members to donate to the 2003 ACT bushfire appeal and to support Balinese people affected by the Bali bombings.

The APS Financial Services Section provides a centralised accounts payable and accounts receivable function for the APS to support its business processes and coordinates the budget program for APS. The Section is divided into commercial and budget appropriation activities. APS receives an appropriation for the Advanced First-Response, Air Security Officer and Explosives Detection Canine programs, representing approximately one third of its revenue. As a result of the integration process, APS Financial Services have amalgamated a number of functional and reporting processes with the AFP.

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COMMERCIAL SUPPORT

Commercial Support provides a range of enabling 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 insurance including Comcover arrangements. A number of these services are provided with the assistance of external providers through outsourced arrangements.

Commercial Support provided a key ‘behind the scenes’ logistics and administrative support role for the AFP in its response to the Bali bombings and the recent ACT bushfires. Commercial Support members worked closely with service providers to freight essential equipment and uniforms and transport AFP members to support the Bali investigations and Disaster Victim Identification. In relation to the ACT bushfires, building and accommodation members coordinated efforts to restore essential services and repair damage to buildings at the Weston Complex to enable the return to normal business operations.

Commercial Support undertook a range of building works during the year including:

- > rationalisation and refurbishment of Headquarters and Weston Complex in Canberra, to accommodate new functional areas directly attributed to terrorist attacks in the USA in 2001 and the Bali bombings including the establishment of the Transnational Crime Coordination Centre;
- > continuation of master planning for consolidation of AFP national functions in Canberra, including the purchase of the Commonwealth site at Majura (known as the Wanggirrali Ngurrumbai Centre) and refurbishment of a training centre at this site to support AFP peacekeeping operations;
- > completion of the refurbishment and rationalisation of the Sydney office;
- > initiatives to improve physical and electronic security at all AFP sites;
- > development and implementation of new firearm unloading facilities at all AFP sites;
- > completion of new offices and training facilities at

Canberra Avenue and Salvation Army House, Canberra (the requirement to lease additional space at Salvation Army House is expected to cease by August 2003); and

- > refurbishment of the Coffs Harbour and Hobart offices.

In 2002-03, preliminary study and consultation has taken place in relation to the establishment of an operational headquarters that incorporates APS accommodation requirements. It is anticipated that relevant planning processes will be finalised in 2003-04.

The AFP, in line with its energy conservation strategies, commenced a program of energy usage audits across its buildings nationally. Findings and recommendations will be available early in the next financial year.

Commercial Support has been an active contributor to the integration of the APS and the AFP. The suitability of joint procurement activities and contracts or merging of delivery of goods and services under current service agreements is being examined on a case-by-case basis. Similarly, opportunities for co-location of AFP and APS activities continue to be examined on a case-by-case basis, subject to operational requirements and opportunities.

CRIMINAL RECORDS UNIT

The Criminal Records Unit maintains criminal history records on behalf of Commonwealth law enforcement regulatory bodies and also for the law enforcement needs of the ACT community. These records account for much of the information that law enforcement agencies access in their day-to-day operations. The AFP provides a single, national point for government agencies, employers and members of the public to access criminal record checks. The AFP conducted national criminal record checking on 260,582 names in 2002-03 compared with 238,603 checks in 2001-02.

Criminal records are used for identification purposes, sentencing decisions, bail hearings, paroles and pardons. Security checks and reliability screenings are run against the holdings of the AFP and the other police services. Employment checking of criminal record holdings is undertaken to deliver to the community criminal records checks for employment, voluntary

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work or occupational licensing-related purposes. Checking is undertaken with the specific knowledge and consent of the person concerned.

During 2002-03, this activity was complemented by nine new MOUs covering the use and disclosure of criminal records including with agencies such as Defence and the Australian Nuclear Science and Technology Organisation.

PURCHASING

The Commissioner’s Financial Instructions and the AFP’s National Guideline on Procurement, Commercialisation and Contracting and associated Practical Guides, set out the policy and procedures to ensure that AFP purchasing processes comply with the Commonwealth Procurement Guidelines, in particular, obtaining value for money.

During 2002-03, the following activities were undertaken:

- > tender documents were reviewed to ensure tender processes reflect best practice in relation to confidentiality, transparency and privacy in line with the Commonwealth Procurement Guidelines;
- > the format of the central contracts register was reviewed to ensure it met external and internal contract reporting requirements; and
- > the Commercial Governance Committee issued practical guides on management of intellectual property and use of AFP logos, online diversity training for contractors and consultants, sponsorship and support to associations and events, and commercialisation.

In 2002-03, AFP conducted tender processes for the following services for which contracts were let:

- > cleaning services in Melbourne, Sydney, Perth and Canberra;
- > design, construction and delivery of five police patrol vessels for the Republic of Indonesia;
- > tape transcription;
- > provision of blank audio and video tapes; and

- > provision of transport services for the AFP College.

Prior to full integration with the AFP, the APS will continue to comply with the Commonwealth Procurement Guidelines by operating under these guidelines in conjunction with the APS Chief Executive Instructions and the APS Policy and Procedures Guidelines. During 2002-03, the APS upgraded equipment associated with the enhanced aviation security measures. In addition, APS purchased a quantity of explosive detection and handling equipment, to equip the new Stations at Hobart, Alice Springs and Canberra airports and to upgrade existing Stations with appropriate detection and protection technology.

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ASSETS MANAGEMENT

The AFP is presently implementing its strategic assets management plan which has been formulated to address:

- > the development and implementation of asset management schedules, which provide for asset replacement programs and the improved consideration of expenditure on assets in terms of budgetary and cash flow projections; and
- > the provision of improved processes and procedures for the prompt and accurate recording of assets in the asset register and the correct disclosure of AFP assets in financial statements.

These strategies are aimed at improving the effective use of assets across the AFP. During 2002-03, a range of policy and procedural documents were developed on the capitalisation of software costs and revised stocktake procedures.

Asset management in the APS has undergone significant change during the year particularly in relation to leasing of capital equipment in preference to direct purchase. As a specific strategy, the APS commenced three year rollover to lease IT hardware and radio communications items in August 2002. During this period, management systems have also been upgraded to incorporate SAP 4.6C, which has an online assets management package.

APS Section Heads/Station Managers are directly responsible for the control of public property used in managing their programs, and for ensuring that assets are recorded on the national assets register. National headquarters retains a policy oversight and coordinating role. A national annual stocktake of assets owned by Sections/Stations will be undertaken and completed by the first week of June each financial year. The stocktake will include personal issue items and items borrowed and transferred from other Sections/Stations.

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IT AND INFORMATION MANAGEMENT

IT

IT continued to deliver an extensive range of applications, data communication and telephony services, to underpin AFP operational and enabling activities and enhance the AFP's ability to combat criminal activity in the evolving high tech environment.

AFP IT also provided a range of support services to the Australian Crime Commission, CrimTrac and APS networks, as well as providing the ACC and Northern Territory Police, Fire and Emergency Services with PROMIS services and support to Interpol and other law enforcement agencies during 2002-03.

An Operations Centre functioning as an additional node of the AFP computer network was established in Bali within three days of the bombings to support the AFP's activities. The site continues to provide AFP members in Bali with full use of all core AFP business applications, including PROMIS, email and video conference services. Temporary AFPNET nodes were also established at the Joint Defence Facility, Pine Gap and the Baxter IRPC to provide IT support during short-term operations in 2002-03.

Redevelopment of the AFP's case management and intelligence system, PROMIS, continued during 2002-03 with a number of renovated and new PROMIS modules being released. Work was also started on the introduction of service and object-oriented architecture (re-useable building blocks of code) into the PROMIS framework. The PROMIS Development Team also successfully conducted a proof of concept project for the introduction of an Enterprise Application Integration platform to facilitate a more efficient and effective means of exchanging data between disparate systems.

Additional nodes were added to the AFP's International Network bringing the total of overseas AFPNET nodes to 24. AFPNET secure dial-in facilities were also provided to several temporary overseas liaison posts in support of counter-terrorism initiatives.

Further support was provided for the AFP's increased role in counter-terrorism with the commencement of the piloting of a separate national security IT network between nominated AFP sites within Australia, allowing transmission of classified material which was previously required to be stored on stand-alone computers or in hard copy.

The Interpol-funded establishment of the South Pacific Law Enforcement XtraNet was successfully completed during 2002-03. The project was broadened to bring non-Interpol member countries within the South Pacific region online as part of SPLEXNET. AFP IT played a leading role in the development of a case management and intelligence system to be deployed within the South Pacific and South-East Asian regions as part of Law Enforcement Cooperation Program programs.

Existing functionality has been maintained and enhanced via a program of progressively upgrading network infrastructure, increasing network bandwidth and upgrading the desktop computer environment. This included extending video conferencing facilities and the roll out across the AFP's offices in Australia of a new email system and computer terminal equipment.

The roll out of upgraded desktop computer units was completed nationally during the reporting period and a new Wide Area Network was installed. This enhanced technology will provide improved network performance catering for the upgraded System Applications and Products system roll out. It also allows for the provision of email to individual operational officers. The increased operational capacity of the APS has resulted in the IT section now supporting more than double the users than during the previous reporting period.

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INFORMATION MANAGEMENT

Information Management continued to work closely with operational and enabling business units to maximise the effective and efficient use of corporate information holdings. Provision of business intelligence systems and services was extended to enhance operational outcomes and management reporting. Information access, retrieval and manipulation facilities were developed and improved during 2002-03 to enhance intelligence capabilities including:

- > visual representation of data, in graphical and special formats;
- > leading practice text search functions such as free text search and retrieval;
- > upgrading from keyword type search facilities to intelligent or conceptual information searching;
- > concurrent searching of multiple data sources and applications, including the capacity to search external data sources; and
- > contextual reporting to customise report content and formats to user needs.

Particular focus was given to enhancing information brokerage areas to enable higher value use of AFP information and enhanced communications, such as:

- > increased face-to-face delivery of advice and techniques on how to best use available services and technologies;
- > contextual training and education in ways to obtain optimal value from available information sources or systems; and
- > providing enhanced library services. Information Management committed significant resources to improving organisational communication and information access and usability during 2002-03.

FORENSIC SERVICES

Forensic services remain a key element of almost all major investigations and operations undertaken by the AFP. During 2002-03, Forensic Services continued to meet the ongoing needs of a wide range of AFP investigations while responding to the challenges of providing comprehensive forensic support to AFP activities in international locations.

The most significant operational commitment stemmed from the Bali bombings. Over 65 forensic personnel assisted with the forensic and DVI aspects of the investigation, including collaboration with police and forensic services across Australia. More than 2,900 exhibits were processed and all 88 Australian victims identified. The AFP's DNA technology and expertise made a major contribution to these identifications. The AFP also committed technology which facilitated the early detection of explosives residues and the nature of explosive devices. The level of Bali support activity is reflected in more samples being processed in a three month period than would be processed in an average year.

In addition to the Bali deployment, the AFP was increasingly called upon to provide forensic support for overseas activities including post-blast investigations, drug investigations, people smuggling and community crime. AFP Forensic Services also assisted in numerous LECP activities including the development of plans for forensic support for Pacific rim countries.

New measures funding for forensic research and development (2001-02: \$1.6 million over four years) has permitted the development of a consolidated research and development program focused on eight research priority areas. These are:

- > enhanced field forensic capabilities;
- > enhanced analytical capabilities for the laboratory-based detection and identification of explosive residues;
- > enhanced procedures for the profiling of both human and non-human DNA;
- > enhanced intelligence and analytical capabilities to assist with the investigation of drug trafficking offences;

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- > enhanced analytical capabilities for the detection of latent fingerprints and introduction of ridgeology and statistical concepts into the fingerprint identification discipline;
- > enhanced analytical capabilities in the field of computer forensics to assist with e-crime investigations;
- > enhanced capabilities for the analysis and interpretation of trace evidence; and
- > continued assessment of emerging technologies that may have application in the forensic science field.

Major projects have commenced in collaboration with academic and industry partners. A new National Centre for Forensic Studies was launched in Canberra on 16 May 2003, bringing together the AFP, the University of Canberra and the Canberra Institute of Technology in collaborative relationships addressing forensic issues.

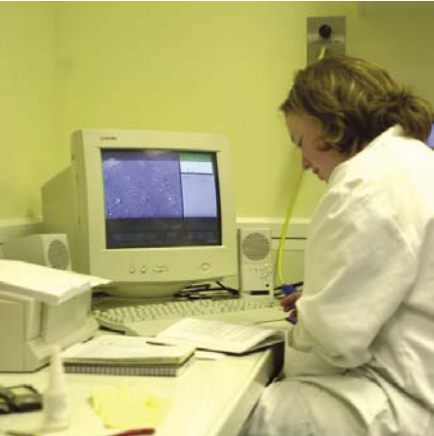
In preparation for a re-accreditation assessment by the National Association of Testing Authorities (NATA) during 2003, the Forensic Services Quality System received considerable attention and was enhanced where appropriate. NATA accreditation is significant for forensic laboratories, as it reflects the integrity of their operations.

Forensic Services continued to work to enhance its operational effectiveness and efficiency and completed a number of service level agreements including an agreement for ACT Policing. A Forensic Major Incident Plan was also implemented.

The AFP's fingerprint collection has been converted to the Central Names Index system in line with international best practice and protocols. Amongst many new technologies introduced have been DNA SQL-LIMS (a laboratory information system for DNA supporting CrimTrac), digital imaging technologies, utilisation of three-dimensional laser imaging technology for crime scene reconstruction, and image capture equipment in support of the national ATS logo database.

The AFP's focus on high tech crime and the use of computers in facilitating more traditional crimes has led to an enhanced integration of Forensic Service's computer forensic capabilities with AFP operations,

including the provision of technical support to the High Tech Crime Team and other Commonwealth agencies. During 2002-03, computer forensics benefited from major equipment acquisitions including the development of a new computer forensic laboratory in Sydney.



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AUSTRALIAN BOMB DATA CENTRE

In July 2002, the Australian Bomb Data Centre (ABDC) became part of the Forensic Services portfolio – a move which has allowed significant synergies to develop between the ABDC and other forensic areas.

The ABDC's core function, the collection and dissemination of data on the unlawful use of explosives ensured the Centre's operations continued to be influenced by the heightened security environment, international terrorist activity and the AFP's enhanced focus on counter-terrorism activities during 2002-03. This included the posting of two ABDC members as part of the investigation of the Bali bombings and ongoing support activities by ABDC members based in Australia. In addition to support activities in Bali, the ABDC has also trained 30 members of the Policia Nacional de Timor-Leste in basic bomb search techniques. Recognising the ABDC's skills in this area, The United Nations requested the training package, which was developed and delivered in Timor Leste by ABDC and ACT Policing Bomb Response members.

This increased flow-on activity included conducting Bomb Safety Security Surveys on major government facilities within Australia and overseas. These surveys are a key tool in raising the awareness of how to protect facilities and their employees from bomb attacks.

Another indicator of heightened ABDC activity relates to the dissemination of ABDC publications. During 2002-03, the ABDC released a total of 95 reports, comprising:

- > 34 ABDC information bulletins;
- > one general information bulletin;
- > 39 intelligence bulletins;
- > 17 bomb technicians bulletins;
- > three special reports; and
- > an annual report.

This represents a 43 per cent increase on the publications produced in 2001-02 (which in turn was a 44 per cent increase on that produced in 2000-01).

The ABDC standard training program has expanded with extra training being requested by other Commonwealth government departments. This has led to further enhancements to the bomb safety awareness products which are available to the public (including on the Internet). Intelligence remains the key to preventing and dealing with the unlawful use of explosives. Consequently, the ABDC Intelligence Team refined and simplified reporting procedures and increased liaison with all Australian police jurisdictions during 2002-03. The management of reported and collected information was also improved during 2002-03 by the introduction of a secure computer network.

To further increase collaboration and liaison, the ABDC continued its series of Conferences, holding the 11th Annual Conference in Canberra during December 2002. The Conference drew over 200 delegates including a wide range of international agencies. The high level of attendance, particularly during times of increased activity, signified the regard in which the ABDC is held within its field of operations.

CHAPTER 05
GOVERNANCE AND
ACCOUNTABILITY

CHAPTER 05 – GOVERNANCE AND ACCOUNTABILITY

CORPORATE PLANNING

SENIOR MANAGEMENT COMMITTEES

Senior management committees contribute to the corporate governance of the AFP by assisting in policy development and decision-making.

The Commissioner chairs the National Management Team the peak decision-making and direction setting body of the AFP. The NMT focuses on policy and strategic issues concerned with the future direction and activities of the AFP. The NMT assists the Commissioner and the Executive in the general management of the AFP and the development of key policy initiatives, which further the achievement of the AFP's goals and its obligations to government. The NMT acts as the AFP's board, overseeing the work of other committees (such as the Transnational Crime Management Team (TCMT) and the Science and Technology Steering Committee (STSC) and focuses on high level performance review and decision making.

The NMT is the caretaker of the AFP's vision, mission and goals, and considers, as necessary, proposed corporate plans and strategic directions, and advises on their adoption. It receives and reviews performance reports, and receives reports from committees on the achievement of established objectives and priorities.

At 30 June 2003, the NMT included the Commissioner (Chair), Deputy Commissioner, the Chief Police Officer of the ACT, the Executive Director Protection, the Deputy Chief Police Officer of the ACT, and 11 General Managers (including the General Manager Protection and Guarding).

The TCMT had its first meeting in July 2002. It has assumed many of the roles and functions of the former National Operations Management Team and the Avian Board of Management (Avian is a national operation which focuses on disrupting and dismantling criminal syndicates involved in illicit drug trafficking). The TCMT's responsibilities include:

- > providing strategic policy guidance to the TCCC (opened by the Minister for Justice and Customs on 11 December 2002);
- > monitoring, by way of exception reporting, the key crime types for operational effectiveness and compliance with legislative provisions;

- > encouraging collaboration with national and international law enforcement agencies with regard to operational and intelligence interaction; and
- > overseeing reviews of the AFP's engagement with its key client agencies.

Membership of the TCMT includes: the Deputy Commissioner (Chair), Executive Director Protection, the Chief Operating Officer, Outcome 1 General Managers, the General Manager Human Resources and the Deputy Chief Police Officer, ACT Policing. The TCMT meetings are held monthly or more regularly if required and occur after the Directors Operations (DIROPS) forum and the Director Operations Support Forum (DOSF).

The Security and Audit Team (SAT) is chaired by the Chief Operating Officer and comprises the General Manager Policy and Commercial, the General Manager Protection and Guarding, the General Manager Human Resources, and the General Manager Eastern Operations. Observers include the Director, Professional Standards, representatives of the Australian National Audit Office (ANAO) and as of July 2003, an independent member from Customs. SAT meets quarterly and is responsible for overseeing security and audit activity in the AFP. Major issues addressed in 2002-03 include consideration and follow-up relating to internal audit reports; consideration of reports from ANAO on AFP financial statements; consideration of relevant performance audits; and consideration of the risk management, security and fraud control and anti-corruption plans.

The STSC provides strategic direction to the AFP's technology activities, primarily by managing projects that enhance the AFP capabilities through technological innovation. The STSC considers a wide range of technology issues including: the endorsement and funding of business cases referred to it by its advisory groups (the Science and Technology Advisory Group and the IT Advisory Group); the development and review of the Science and Technology Strategic Plan and related environment scans; and implementation reviews of STSC-funded projects. The STSC, which meets and reports to NMT quarterly, comprises the Chief Operating Officer (Chair), Executive Director Protection, Deputy Chief Police Officer (ACT Policing), General Manager Eastern Operations, General Manager National, General Manager Forensic Services, General

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Manager Policy and Commercial, the Chief Financial Officer and the Director Policy.

The DIROPS forum plays a pivotal role in driving operational performance in the AFP. This group leads the national consistency of day-to-day operational management. It is accountable for the delivery of key outcomes for all AFP crime management strategies and has assumed responsibility for all operational decisions previously taken by the Avian Board of Management. The TCMT requires the DIROPS forum to drive operational best practice in the AFP with it being accountable to the TCMT for this activity. The TCMT also requires the forum to act as its operational barometer, providing key advice on current operational issues requiring policy attention. This forum and the Directors Operations Support Forum and the NMT monitor quarterly performance reports from business units. The membership of the forum comprises all AFP Directors (including the Director, Operations, APS) and a representative from ACT Policing. Meetings are held monthly and a monthly report is provided to the TCMT. The Chair rotates on a six monthly basis. The DIROPS forum report is a standing agenda item at the TCMT.

The DOSF provides leadership and management to the diverse range of operational support functions in the AFP. The DOSF and the DIROPS forum coordinate their activities to ensure that their various responsibilities are integrated in supporting the TCMT. The DOSF leads the national consistency of day-to-day operational support management, including the development, implementation and monitoring of new strategies. The DOSF seeks to develop and drive best practice in business planning, human resource development, financial management and the broad range of operations support functions. The DOSF prioritises its activities to focus on achieving strategic objectives and progressing specific issues that are beyond the capacity of individual business units. During the reporting period, the DOSF assumed the functions of the Board of Studies, which guides learning and development strategies in the AFP. The TCMT requires the DOSF to be accountable for operational support functions, including the provision of advice on current operational support issues that require policy attention. Membership of DOSF includes AFP Directors Operations Support, APS Director Support and Directors of other functional areas within the AFP. Meetings are held every second month, prior to the TCMT meeting.

The Commercial Governance Committee determines policy guidance on behalf of the AFP in relation to commercial activities and reviews commercial activities to ensure appropriate standards are maintained. It is chaired by the General Manager Policy and Commercial and comprises the Director, IT, the Director, Corporate Support, the Director, Legal, the Director, Services (ACT Policing), the Assistant Secretary, Corporate Support (APS), the Chief Financial Officer and the Director, Operations Support. The committee meets quarterly.

The Finance Committee is chaired by the Commissioner and comprises the Deputy Commissioner, the Chief Operating Officer, the Executive Director Protection, the General Manager Executive Services, the Chief Police Officer (ACT Policing), the Chief Financial Officer and the General Manager Policy and Commercial. It meets monthly to discuss strategic financial management and accountability issues in accordance with the Commonwealth Government's financial framework.

The Protection and Guarding Management Team contributes to the corporate governance of the APS by assisting in policy development and decision-making. The General Manager Protection and Guarding chairs the Team, which meets fortnightly. At 30 June 2003, the Protection and Guarding Management Team included the Director Operations (APS), Director Operations Support (APS), Director Operations (Protective Security) and the Director Operations Support (Protective Security). Standing agenda items include operational delivery, staffing, finance, and AFP/APS integration.

The Board of Studies is comprised of the Directors of Operations Support who chair it on a rotational basis 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 faculties.

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STRATEGIC MANAGEMENT

The AFP's strategic outlook is outlined in its Corporate Directions publication. It brings together the AFP's vision, mission and values, role and responsibilities, major priorities, key business strategies, performance outcomes and the central factors in its environment. An annual review of this statement allows it to be adjusted in response to new areas of business focus.

The NMT's appreciation of the AFP's strategic position and direction is supported by an annual environment scan which covers possible developments in the AFP's environment looking two years ahead. An environment scan was considered by the NMT at its February 2003 meeting, with the endorsed key issues then applied to organisational and business unit strategy development and action.

Complementing the environment scan processes are the AFP's strategic scenario analysis projects which look five years out. These projects are selected by and undertaken for the NMT and address issues central to the future development of the AFP. In 2002-03 a scenario project was completed which addressed international security and its relationship to transnational crime in 2008 and another was commenced on economic and high tech crime in 2008.

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 3.

The APS strategic outlook is outlined in its APS Strategic Plan 2001-2003. This document reflects the APS vision, mission, goals, strategies, major priorities, responsibilities and KPIs. An annual review of this statement allows it to be adjusted in response to new areas of business focus and a major revision is being undertaken for 2003-04.

POLICIES, ORDERS AND GUIDELINES

The AFP operates in a complex 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](#), the [Complaints \(Australian Federal Police\) Act 1981](#), the [Crimes Act](#), the [Privacy Act 1988](#), the [Australian](#)

[Federal Police Act](#), the [OH&S Act](#) 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 fair and reviewable is a framework of policy instruments known as the governance framework. This framework comprises national policies, Commissioner's orders, national guidelines and practical guides.

During 2002-03, a review of governance instruments by the Policy Group focused on the identification of those containing or related to delegations, and the redesign of the governance framework's presence on the AFP internal web site to improve AFP employee access to, and understanding of, governance instruments. This was released in October 2002.

Management of APS human and material resources is governed by legislation such as the [Financial Management and Accountability Act](#), the [Criminal Code Act](#), the [Privacy Act](#), the [Public Service Act](#) and the [Australian Protective Service Act](#), the [OH&S Act](#) and other government-wide processes such as the Budget.

The Human Resources Section of the APS maintains people management policies for the APS. The Operations Branch of the APS maintains General Orders, which are made under the [Australian Protective Service Act](#) and relate to the operational running of the APS.

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INTERNAL AUDIT AND RISK MANAGEMENT (INCLUDING FRAUD PREVENTION)

INTERNAL AUDIT

Internal Audit reports administratively to the Chief Operating Officer and functionally to the Security and Audit Team (SAT). Internal Audit provides secretariat services to the SAT, which also receives regular input from:

- Australian National Audit Office (ANAO) – apart from the ANAO's audit of the AFP's financial statements, ANAO performance audit reports are reviewed for relevance to the AFP and followed-up as appropriate;
- Professional Standards in regard to fraud control and anti-corruption plans and actions, as well as physical and information security plans and actions; and
- Commercial Support on risk management plans and actions.

A revised Strategic Audit Plan, which is intended to focus on the period 2002-05, was approved by the SAT in July 2002. The plan was based on a risk assessment prepared by Internal Audit, which addressed systems that are common across the AFP and all identified aspects of AFP outputs. The plan allocates the agreed quantum of annual internal audit activity in terms of person days among a dozen auditable categories including for the first time, the APS.

Table 9 in the Appendixes summarises the internal audits and significant projects completed by Internal Audit during the period. In 2002-03, a total of 23 distinct internal audit reports were received by the SAT. A further 11 internal audit reports, including two related to APS programs, were in prospect at the end of 2002-03 from audits that had progressed into actual fieldwork or beyond. Approximately half of the Internal Audit Program is undertaken by consultancy firms under a standing deed of offer.

A significant set of audits related to international operations was undertaken in 2002-03. The vast majority of the internal audit recommendations were agreed by International Services and have been since reported to the SAT as either implemented or in progress.

An audit of UN commitments, focused on Timor Leste, found the Australian Contingent to be highly motivated, professional and committed; and there was a demonstrated commitment to the continuous improvement of the peacekeeping program within the AFP.

The SAT maintained its strong interest in improving the systems related to the handling of and accountability for seized drugs and property. Annual internal audits of the six main registries are being undertaken and followed-up, and the current audit has focused on the key risk of tracking the movements in the net weight of drugs and items of property by type being held by the AFP. SAT members are also involved in the Steering Committee for the related Project RETAIN.

The internal audit of ACT Policing's use of intelligence was very well received and a number of recommended improvements in the organisation and management of that area have been taken up. Similarly, all other internal audits contributed to the improvement of systems currently in place, and the SAT requires all accepted recommendations to be appropriately acquitted.

Since July 2002, the APS Quality Management Unit has conducted 35 compliance audits of APS Stations in accordance with the APS quality assurance system, to promote continual improvement of services to clients. This program of internal audits has been complemented by quality assurance audits, carried out by Lloyds Register Quality Assurance. At the last review, it was concluded "that the internal audit system is well developed and is contributing to the achievement of operational standards". A further review of the quality assurance system is being conducted by KPMG at the request of the AFP. This review is required to be completed in July 2003.

As part of the first stage of integration, a Due Diligence review was undertaken by PricewaterhouseCoopers and over the course of last year, continued progress has been achieved in resolving all of the issues identified.

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RISK MANAGEMENT

During 2002-03, the AFP concentrated on further refinement of strategic risks and analysis of their potential impact on critical business operations. This resulted in a cross-referencing of the risk register against the current environment scan and a reduction in the number of risks from 15 to seven principal risk areas. The AFP will validate the sources of risk and identify related operational risks, possible impacts and current control strategies during 2003-04.

The AFP's local risk management committees continue to regularly update risk registers and treatments to ensure continued relevance and that emerging risks are captured and dealt with in accordance with standardised processes.

Following integration with the AFP, there has been an increased APS focus on the management of corporate and operational risks. Proactive risk identification and management has been increasingly incorporated in strategic and operational planning and service delivery.

INSURANCE

In May 2003, the AFP engaged the services of a consultant to review the adequacy of its general insurance and workers' compensation coverage. The results of this consultancy, which will examine factors such as agreed excesses, risk exposures and claims records, will be acted upon in 2003-04.

BUSINESS CONTINUITY PLANNING

In July 2002, the AFP (including the APS), with the assistance of an expert external service provider, conducted a number of simulations to test the ability of both organisations to maintain essential business functions under a variety of adverse situations. Participants engaged in a 'hands-on' exercise where they were required to respond to a crisis. While the participants performed extremely well in dealing with the crisis, it was clear that formal business continuity plans would enhance organisational performance in the event of a real crisis incident occurring.

Consequently, during 2002-03, eight of these plans were developed to ensure the continuous operation of essential AFP and APS services. The plans provide:

- > increased levels of employee readiness to ensure safety of personnel and an coordinated organisational response to a crisis;

- > prioritised recovery of business processes to achieve optimal allocation of resources with a focus on maintaining services, containing costs and meeting legislative requirements;
- > facilities/workspace management solutions that balance the high cost of real estate against the protective value of dispersing AFP resources (including backups) across multiple locations;
- > customised response strategies focused on scenarios that ensure the efficient and effective allocation of the business continuity planning budget;
- > a well-planned business continuity incident response/communications framework designed to address internal and external requirements; and
- > awareness of business partner and third party business continuity plans to enhance coordination and promote uninterrupted service in the context of broader business processes.

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ETHICAL STANDARDS

All AFP actions are underpinned by its six core values which are:

- > integrity – we will be honest and sincere in our dealings with ourselves, each other and our clients;
- > commitment – our work is characterised by dedication, application, perseverance and a belief in a personal capacity to achieve and add value;
- > excellence – we seek constant improvement in all our undertakings and in the quality of the services we provide to our clients;
- > accountability – we accept that we are responsible for our work and answerable for the outcomes;
- > fairness – we will be impartial and equitable in all our dealings; and
- > trust – we rely and depend on each other.

The Professional Standards portfolio supports the development and maintenance of these values in the AFP and the professionalism of AFP employees. This is achieved by working in partnership with operational areas, management and other areas of People Management to focus on the performance of individuals, teams and business units. The goal is to work together to protect the integrity and security of the AFP and its people.

During the reporting period, Professional Standards was responsible for investigating and managing all complaints and for overseeing the AFP's integrity programs. The Commonwealth Ombudsman oversees all complaint matters and reports independently to Parliament. There are a variety of mechanisms through which members of the community may 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 80 per cent of matters continue to be dealt with by conciliation under provisions of the Complaints (Australian Federal Police) Act and management action.

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.

The AFP has sought to enhance awareness of, and access to, the complaints process during 2002-03 by enhancing the AFP Internet site, developing information brochures and continuing 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 complaints process for the AFP.

Professional Standards has developed a proactive approach to the risk management of corrupt and unethical behaviour, incorporating a strategic intelligence capability within the AFP. This allows the AFP to identify trends and patterns early and take preventative or remedial action before issues develop. This includes the coordination of organisational responses to integrity assessments and the profiling of areas and practices identified as at risk of attracting complaints or allegations.

An independent review commissioned by the AFP into its disciplinary process was submitted during the 2002-03 period. The Hon. William Kenneth Fisher AO QC delivered his report and findings to Commissioner Keelty in February 2003. The Fisher review identified a number of recommendations against the terms of reference which are being assessed with a view to organisation-wide implementation.

The heightened security environment also impacted on the activities of areas within Professional Standards during 2002-03. The usual demand for security clearance services was supplemented by the need to clear the increased number of recruits and facilitate the general increases in security levels stemming from the AFP's enhanced focus on counter-terrorism activities. The number of security clearances completed in 2002-03 approximately doubled from the number completed in 2001-02.

The APS Security Vetting Unit provided 393 security assessments to internal and 995 security assessments to external clients during the year in accordance with the provisions of the Commonwealth Protective Security Manual 2000.

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A breakdown of the assessments carried out during 2002-03 is at [Table 18 in the Appendixes](#). Significant external clients include the Department of Prime Minister and Cabinet (PMC), the Australian Tax Office (ATO), the Department of Foreign Affairs and Trade (DFAT), the Department of Finance and Administration (DFA) and a range of other Commonwealth agencies. Through the Ministerial and Parliamentary Service Group of DOFA, the APS also provides security vetting for Ministerial staff and electorate officers for Members of Parliament.

Detailed information on complaints, allegations, resulting investigation outcomes, action taken against employees, and the Prohibited Drug Testing Program are outlined in [Table 15 in the Appendixes](#).

The ethical standards of APS officers are governed by the Australian Public Service Values and Code of Conduct as set out in [the Public Service Act](#). Breaches of the values and code of conduct may result in disciplinary action against an employee. In 2002-03, 25 formal investigations were commenced into suspected breaches of the Australian Public Service Code of conduct. These breaches related primarily to: use of Commonwealth resources in a proper manner; behaving honestly, with integrity and diligence, and complying with all applicable laws in the course of APS employment. One person's employment was terminated as a result of these investigations.

During 2002-03, there were five requests for reviews of employment-related decisions from APS officers. All of these reviews were resolved internally.

FRAUD CONTROL AND ANTI-CORRUPTION PLAN

Under the Commonwealth Fraud Control Guidelines, the AFP has in place a Fraud Control and Anti-Corruption Plan. The plan is nearing the end of its implementation phase (covering 1 January 2001 to 31 December 2003). Prior to 2003-04, an agency fraud and corruption risk assessment will be conducted to develop the next iteration of the plan. It is anticipated that it will focus on functional lines as opposed to the current mix of location-specific and function-specific activities. To ensure relevance of future iterations of Fraud Control and Anti-Corruption Plans for their entire terms, it is also intended that projections of organisational fraud and corruption risks be incorporated. This will be based on environmental scanning and an array of predictive data and strategies.

The Fraud Control and Anti-Corruption Plan was independently reviewed by the ANAO in 2002 in conjunction with a wider risk management audit of five Commonwealth agencies. There were no adverse comments attributed to the plan. In April 2003, the full ANAO risk management audit was presented to the Security and Audit Team.

From the agency risk assessment and subsequent analysis conducted during the latter part of 2001 and in accordance with the Australian Standard for Risk Management, AS/NZS 4360:1999, the highest risk categories for the AFP are:

- > IT and information security;
- > physical security; and
- > personnel security.

Progress reporting is continuing and updates are provided to the SAT, the agency Audit Committee in the context of [the Financial Management and Accountability Act](#). Additionally, during the life cycle of the Fraud Control and Anti-Corruption Plan, a sample of 'completed' action items is physically inspected as an added accountability measure which is not mandatory for Commonwealth agencies. The findings of this spot audit are reported to the SAT. The AFP also submitted data on fraud and fraud control activities to AGD in September 2002 for the annual report on fraud control to the Minister for Justice and Customs. Due to

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the transfer of the APS from AGD, the APS has not yet completed an independent fraud control and anti-corruption plan. However, work is continuing with the AFP to ensure the plan is aligned with AFP strategies.

EXTERNAL SCRUTINY

JUDICIAL DECISIONS/ADMINISTRATIVE TRIBUNAL DECISIONS IMPACTING ON OPERATIONS

Like those of other public sector organisations, the operations of the AFP and the actions of its members 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 the conduct of members 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, there were no decisions of significant national impact on AFP operations or policy.

There have been no judicial decisions or decisions of administrative tribunals during 2002-03 that have or may have an impact on the operations of the APS.

In 2002-03, the AFP (including the APS) appeared before the following Parliamentary hearings and committees on the dates listed:

ESTIMATES HEARINGS

- > 20 November 2002 – Consideration of Supplementary Estimates
- > 10 February 2003 – Consideration of Additional Estimates
- > 27 May 2003 – Budget Estimates

OTHER PARLIAMENTARY COMMITTEES OF INQUIRY

- > 11 July 2002 – Senate Select Committee on a Certain Maritime Incident
- > 6 August 2002 – Senate Legal and Constitutional

References Committee – Migration Legislation Amendment (Further Border Protection Measures) Bill 2002

- > 22 August 2002 – Joint Standing Committee on Foreign Affairs, Defence and Trade, Human Rights Subcommittee – Aspects of the Human Rights Equal Opportunity Commission's annual report 2000-2001 concerning immigration detention centres

- > 26 September 2002 – House of Representatives Standing Committee on Legal and Constitutional Affairs – Crime in the community

- > 14 November 2002 – Senate Legal and Constitutional References Committee – Australian Security Intelligence Organisation Legislation Amendment (Terrorism) Bill 2002

- > 9 December 2002 – Joint Standing Committee on Foreign Affairs, Defence and Trade, Trade Subcommittee – Watching brief on the war on terrorism

- > 27 March 2003 – Senate Foreign Affairs, Defence and Trade References Committee – Australia's relations with Papua New Guinea and Pacific Island nations

- > 12 May 2003 – Joint Standing Committee on the National Capital and External Territories – Norfolk Island governance inquiry

- > 13 May 2003 – Senate Foreign Affairs, Defence and Trade References Committee – Australia's relations with Papua New Guinea and Pacific Island nations

- > 2 June 2003 – Joint Committee of Public Accounts and Audit – Management and integrity of electronic information in the Commonwealth

- > 19 June 2003 – Joint Standing Committee on the National Capital and External Territories – Norfolk Island governance inquiry

- > 23 June 2003 – Joint Standing Committee on Foreign Affairs, Defence and Trade – Foreign Affairs Sub-committee – Inquiry into Australia's relationship with Indonesia

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AUDITOR-GENERAL REPORTS

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

The AFP was not the primary subject of any Auditor-General report tabled in the Parliament during 2002-03. However, the ANAO involved the AFP in its activities via audits or surveys related to the following cross-agency reports:

- No. 8 – The Senate order for Departmental and Agency contracts (September 2002);
- No. 25 – Audits of Financial Statements of Commonwealth entities for the period ended 30 June 2002;
- No. 27 – Management of Commonwealth guarantees, warranties, indemnities and letters of comfort;
- No. 32 – The Senate Order for Departmental and Agency Contracts (Spring 2002 compliance);
- No. 45 – Reporting of Financial Statements and audit reports in Annual reports; and
- No. 52 – Absence management in the Australian Public Service.

The AFP is among agencies mentioned in the context of agency-specific reports, including:

- No. 6 – Fraud control arrangements in the Department of Veterans' Affairs (DVA); and
- No. 35 – Fraud control arrangements in the Australian Customs Service.

During 2002-03, the AFP was included in two cross-agency reports, namely Management of risk and insurance in the Commonwealth public sector and The Senate Order for Departmental and Agency Contracts (Autumn 2003 Compliance). These reports will be tabled in early 2003-04.

The SAT systematically reviews all Auditor-General

reports for relevance to the AFP. Where appropriate, the SAT refers reports to line managers for their attention and/or information.

COMMONWEALTH OMBUDSMAN'S REPORTS

The Commonwealth Ombudsman performs an external scrutiny function in relation to the following AFP activities: (i) reports of the Commonwealth Ombudsman's investigation of practice and procedures under the [Complaints \(Australian Federal Police\) Act](#); (ii) reports of inspections under the [Telecommunications Interception Act](#); and (iii) reports of inspections for controlled operations under the [Crimes Act](#) and [Measures to Combat Serious Crimes Act](#).

During the reporting period, there were no reports from the Commonwealth Ombudsman in relation to practices and procedures under the Complaints (Australian Federal Police) Act. In relation to type (ii) activities, a report was provided to the AFP in July 2002 by the Acting Commonwealth Ombudsman in relation to AFP compliance with provisions of Part VIII of the [Telecommunications \(Interception\) Act](#). The report complimented the AFP on its generally high standard of compliance, but referred to a number of technical breaches of the Act which were caused by deficiencies in the AFP's record-keeping practices. The AFP accepted most comments of the Ombudsman and has taken a range of steps to improve record keeping including holding training and information sessions for AFP members in locations around Australia. In relation to type (iii) activities, a report was received from the Commonwealth in December 2002. The report made 12 recommendations, nine of which were accepted by the AFP and are currently being implemented.

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CONSULTANCY SERVICES

The AFP let 21 consultancy service contracts during 2002-03. Total expenditure on consultancy services was \$1,124,278.20. Included in the services provided were: a review of current legislative and internal provisions relating to Professional Standards in the AFP; a review of the adequacy of the AFP's general insurance and workers' compensation coverage; development of an employer brand for the AFP; and market services.

All AFP contracts allow for access by the Auditor-General to contractors' premises. During 2002-03, the AFP entered into contractual arrangements that have not been published in the Purchasing and Disposal Gazette for security reasons.

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

The APS let 15 consultancy service contracts during 2002-03. Total expenditure on consultancy services for the year was \$1,274,972. Included in the services were: SAP system improvements and enhancements; a client survey at Sydney Airport; the Air Security Officer rostering system; and development of the Assessment Centre process. More detailed information on consultancy services let to the value of \$10,000 or more can be found at Table 21 in the Appendixes.

COMPETITIVE TENDERING AND CONTRACTING

Work continued during 2002-03 on ensuring delivery of services in accordance with the core procurement principle of value for money.

Recommendations from a consultant's report on the corporate real estate services outsourcing arrangements were implemented, resulting in the AFP exercising its option to extend its outsourcing contract with an improved service level agreement.

The AFP also engaged the services of a consultant to review its records management services, in preparation for decisions on the current agreement for outsourced services.

Following a selective tender process, the AFP outsourced the coordination and management of police

recruitment, gaining access to a sophisticated online recruitment system and personnel with knowledge of public sector recruitment and administrative law principles. The service provider will manage applications received electronically and manually, record and vet applications, coordinate inquiries, conduct employer reference checks, convene interview panels and provide scribing services.

Under this outsourcing arrangement, the AFP will have the ability to rapidly gear up for recruitment campaigns and to deliver services on a national basis, including to smaller regional locations such as Darwin, Cairns, Hobart and Townsville. The service provider will provide regular reports including quantitative and qualitative recruitment market analysis and professional recruitment knowledge will be transferred to AFP members. Through the delivery of the 'front end' processes by the service provider, the AFP will be able to apply internal resources on qualitative aspects surrounding the 'back end' of recruitment delivery including course empanelling against specific operational needs.

During 2002-03, the AFP also extended the contract for the provision of a uniform store, stationery and forms management, and employee assistance and psychological services.

ADVERTISING AND MARKET RESEARCH

During the reporting period, the AFP expended \$800,000 with market research organisations and media advertising organisations. Further details of this expenditure are provided at Table 23 in the Appendixes.

APS Marketing and Media Section implemented a strategy to increase awareness both internally and externally of the APS's roles and function. The internal communication strategy has proven successful with increasing staff contributions to SNAPSS (Staff News for APS Staff) and the rapid growth of this quarterly magazine. The Marketing and Media Section also provided a media monitoring and forecasting service to the Executive. During the year, a number of events were conducted in relation to the achievements of the APS.

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FREEDOM OF INFORMATION (FOI)

The AFP FOI Team facilitates public access to AFP documents, consistent with the provisions of the [Freedom of Information Act 1982](#) (the FOI Act). In 2002-03, the AFP received 126 requests compared with 127 requests in 2001-02.

FOI requests to the AFP generally sought access to information concerning past or present AFP investigations, sometimes involving consideration of hundreds of pages of documents. These invariably require careful and resource intensive consideration of all of the contents, in order to respect the right of access by the applicants without unduly prejudicing the AFP's law enforcement activities.

The AFP and the APS submitted quarterly and annual returns under the FOI Act for the Attorney-General's report to Parliament under s. 93. Detailed information about the AFP's and APS's FOI procedures appears in Table 24 in the Appendixes. Information on making FOI requests to the AFP can also be found on the AFP's web site at www.afp.gov.au

Under s. 23 of the FOI Act, the General Manager Protection and Guarding has the decision-making powers for the APS. In 2002-03, the APS received one FOI request. There are no arrangements for outside participation in the formulation of FOI policy or in the administration of the APS unless separately stated in this report.

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COMMONWEALTH DISABILITY STRATEGY

The AFP recognises the need to move towards a diverse flexible workforce to enable an effective partnership between the police service and community.

A draft Disability program is in the consultation phase for feedback within the AFP. The program aims to enhance understanding through education and partnerships, to work together to facilitate inclusiveness and to share responsibility for support mechanisms towards shared success.

The AFP encourages enabling services to consider employment opportunities for people from diverse backgrounds, including people with disabilities. AFP enabling services are advised to identify suitable positions for potential employees with disabilities.

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.

In addition, employees with a disability are encouraged to participate in employee support networks and to provide advice, assistance and education in relation to their circumstances to enhance inclusiveness and a harmonious environment.

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ECOLOGICALLY
SUSTAINABLE
DEVELOPMENT AND
ENVIRONMENT
PERFORMANCE

During 2002-03 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 member comfort.

The AFP continued to progress development proposals for the Wanggirralli Ngurrumbai Centre (an AFP firing range and training facility at Majura, Canberra) and the Australian Institute of Police Management which incorporate environmentally sustainable practices and allow environmental and security (power and data backup) self-sufficiency.

Water and energy management are key issues in the planning of building works at the Wanggirralli Ngurrumbai Centre, with the proposed facilities to integrate a number of sustainable design principles, providing maximum long-term benefit to the AFP. Proposed design principles for the current building works program at the Wanggirralli Ngurrumbai Centre which will reduce running costs include:

- > collection of rainwater for reuse in toilet areas, irrigation and fire fighting;
- > wind, solar and/or mini-hydro power generation;
- > solar hot water;
- > low energy light fittings and natural day lighting;
- > natural ventilation systems using high thermal mass and night purge;
- > high levels of insulation;
- >

- > hydronic slab heating and cooling; and overland drainage for surface water using swales and dry ponding.

AFP and APS establishments participate in office paper recycling programs. The AFP photographic unit at Weston undertakes silver recovery procedures and spent photographic processing chemicals are removed from AFP premises by commercial waste disposal contractors who are responsible for compliance with industry standards. Chemical and biological waste from Forensic Services is similarly removed.

The AFP's Environmental crime management strategy has as its major components biodiversity conservation, heritage protection and air, land and water pollution.

The AFP investigates environmental crime and successful prosecutions are publicised as a deterrent to future potential offences involving environmental damage. Summary details of AFP environmental crime investigations are given in Chapter 3, Environmental crime, where significant investigational achievements are also listed.

During 2002-03, the APS has, where possible, continued to implement policies that reduce its impact on the environment. These measures are restricted due to the contractual arrangements of leases and the condition and age of some the buildings currently occupied. Measures undertaken include: pursuing energy savings, recycling and minimising additional maintenance costs. During 2003-04, increased resources will be allocated to pursuing further energy savings and introducing measures to responsibly dispose of superceded equipment.

CHAPTER 06
OUTCOME 2:
COMMUNITY POLICING
FOCUS

CHAPTER 06 – 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 provided policing services to the ACT by way of a Policing Arrangement between the Commonwealth Minister for Justice and Customs, the ACT Deputy Chief Minister, the ACT 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 to the Minister responsible for policing in the ACT; and
- > an annual Purchase Agreement which incorporates performance measures for 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 a single key outcome and four major outputs with some 37 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 the 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 2002-03, to be tabled in the ACT Legislative Assembly in September 2003. Reports are available from ACT Policing Media and Public Relations on request by phoning (02) 6256 7460 or on the AFP Internet Web site.



APPENDIXES

APPENDIX 01

PERFORMANCE MEASURES – OUTCOME 1

Table 1: Financial result 2002-03

| Budgeted revenue (\$m) | Actual revenue (\$m) | Actual expenses (\$m) | Variance (\$m) |
|------------------------|----------------------|-----------------------|----------------|
| 475.773 | 502.799 | 503.709 | (0.91) |

Footnote: Increase in actual revenue vs budget was a result of two main areas:
> Revenue for APS commercial activities reflecting increased demand for security and guarding services.
> Sale of Other AFP Goods and Services budget was conservative.

Table 2: Outcome 1: Staff years consumed 2002-03

| Outcome 1 staffing | 2002-03 |
|-----------------------------------|---------|
| Staff years consumed in Outcome 1 | 1,788.8 |

Source: Executive Information System (EIS) Pay 1 to 26, 2002-03. Counting rules apply
Footnote 1: This figure does not include Enabling Services

Table 3: Output 1.1: Drug seizures, federal agencies (1) 2001-03

| Type of drug | 2002-03 | | 2001-02 | |
|----------------------------------|------------------------|------------------|------------------------|------------------|
| | Number of drugs seized | Weight grams (g) | Number of drugs seized | Weight grams (g) |
| MDMA | 368 | 908,587 | 366 | 202,964 |
| Amphetamine other | 174 | 485,157 | 140 | 437,588 |
| Cannabis | 612 | 38,496 | 674 | 13,525 |
| Cannabis resin | 246 | 8,809 | 311 | 2,935,004 |
| Cocaine | 733 | 98,206 | 260 | 1,017,768 |
| Hallucinogens | 31 | 2,344 | 25 | 1,340 |
| Heroin | 166 | 322,637 | 86 | 415,209 |
| No prohibited substance detected | 304 | 233,909 | 311 | 496,493 |
| Other | 217 | 180,835 | 115 | 593,849 |

Source: PROMIS as at 1 July 2003
Footnote: (1) The figures are correct to 1 July 2003 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 the drugs have been held in AFP custody.

APPENDIX 01

Table 4: Output 1.1: Criminal investigations: new cases 2001-03

| Criminal investigations | | 2002-03 | 2001-02 |
|-------------------------|--|---------|---------|
| | Drugs - Imported | 576 | 610 |
| | Drugs - Exported | 3 | 9 |
| | Drugs – Trafficked | 31 | 29 |
| | Fraud | 208 | 193 |
| | Corporate and bankruptcy ¹ | 31 | 11 |
| | Electronic and telecommunications | 111 | 110 |
| | Money laundering and FTRA | 401 | 516 |
| | Counterfeit currency | 27 | 51 |
| | Environmental | 17 | 14 |
| | Intellectual property ¹ | 15 | 25 |
| | Civil proceeds ² | 6 | 0 |
| | Terrorism ¹ | 152 | 5 |
| | Corruption | 24 | 24 |
| | General crime | 577 | 565 |
| | Multiple voting | 3 | 14 |
| | People smuggling | 30 | 47 |
| | War crimes | 2 | 1 |
| | Transnational economic | 4 | 3 |
| | Transnational sexual offences | 15 | 25 |
| Subtotal | | 2,233 | 2,252 |
| Liaison and assistance | | | |
| | Agency liaison and assistance | 715 | 574 |
| | Agency liaison and assistance - search warrants | 144 | 149 |
| | Agency liaison and assistance – operational assistance | 182 | 189 |
| | Agency liaison and assistance - forensic | 81 | 112 |
| | Agency liaison and assistance – outposting | 22 | 19 |
| Subtotal | | 1,144 | 1,043 |
| Family Law Orders | Family Law Orders | 814 | 775 |
| Total | | 4,191 | 4,070 |

Source: PROMIS as at 9 July 2003. Footnote 1: New incident type from 1 July 2002. Footnote 2: New incident type from 1 July 2003

APPENDIX 01

Table 5: Output 1.1: External Territories: number of offences reported 2002-03

| Offences 2002-03 | Christmas Island | Norfolk Island | Jervis Bay |
|----------------------|------------------|----------------|------------|
| Arson | 0 | 2 | 1 |
| Assault | 13 | 3 | 3 |
| Breach of restraint | 3 | 0 | 19 |
| Burglary | 33 | 21 | 12 |
| Drugs (possess) | 3 | 3 | 0 |
| Fraud | 1 | 4 | 0 |
| Graffiti | 2 | 0 | 0 |
| Property damage | 21 | 11 | 154 |
| Sexual assault | 1 | 0 | 2 |
| Stolen motor vehicle | 5 | 7 | 2 |
| Street offence | 4 | 0 | 2 |
| Theft | 29 | 29 | 131 |

Source: Performance reporting systems in each of the locations, data as at 1 July 2003
Footnote: Cocos (Keeling) Islands have been omitted from this table as the level of crime is negligible

APPENDIX 01

Table 6: Output 1.2: Protection Services: number of cases referred 2001-03

| Category/Type of case | 2002-03 | 2001-02 |
|---|---------|---------|
| Protection of individuals at risk | | |
| Protection – Australian Officer Holder | 174 | 141 |
| Protection – Non Australian Office Holder | 134 | 213 |
| Protection – Witness | 13 | 9 |
| Subtotal | 321 | 363 |
| Protection – Family Law Service | | |
| Family Law Services | 3 | 3 |
| Subtotal | 3 | 3 |
| Security and Law Enforcement for Special Events | | |
| Special events – CHOGM | 0 | 2 |
| Special events – Olympics | 0 | 0 |
| Subtotal | 0 | 2 |
| Total | 324 | 368 |

Source: EIS as at 23 July 2003

APPENDIX 01

Table 7: Output 1.3: International Services: new cases 2002-03

| Category/Type of case | 2002-03 | 2001-02 |
|--|---------|---------|
| International law enforcement | | |
| United Nations and Peacekeeping Services 1 | 1 | 4 |
| Interpol Services 2 | 1,700 | 1,903 |
| External Agency Support 3 | 536 | 562 |
| Total | 2,237 | 2,469 |

Source: EIS as at 9 July 2003
Footnote 1: Administrative cases used to support peacekeeping services
Footnote 2: International cases referred through Interpol
Footnote 3: International cases referred directly by external agencies

APPENDIX 02

PERFORMANCE MEASURES – OUTCOME 2

Table 8: Financial result 2002-03

| Budgeted revenue (\$m) | Actual revenue (\$m) | Actual expenses (\$m) | Variance (\$m) |
|------------------------|----------------------|-----------------------|----------------|
| 81.42 | 80.794 | 80.487 | 0.307 |

Footnote: Details of Performance Measures are reported seperately in the ACT Policing Annual Report 2002-03. The ACT Policing Annual Report is available on the AFP website at www.afp.gov.au

APPENDIX 03

OTHER ACCOUNTABILITY MEASURES

INTERNAL AUDIT

Table 9: Internal Audit activity 2002-03

| SAT Meeting | Performance Audits | Regularity Audits | Other Significant Completed Projects |
|-----------------|---|---|---|
| 24 July 2002 | | Drug and property registries: location specific reports (6) Consolidated report on drug and property handling | Strategic Audit Plan 2002-2005, and Internal Audit Program 2002-2003, including APS elements for the first time Participate in AFP Working Party re Due Diligence of APS Presentation to Coordinator Specialist Groups Forum re internal audit role Presentation to Senior Liaison Officers Conference re findings of audits of International Services Established disposal authority for SAC/SAT papers |
| 22 August 2002 | | | Special SAT meeting to receive 2001-2002 AFP Financial Statements, using a revised format developed in consultation with Financial Services |
| 23 October 2002 | International (5): > Law Enforcement Cooperation Program > Locally engaged staff administration > Stakeholder and client communications > Roles and responsibilities > UN Commitments and Peace Keeping in East Timor (now Timor Leste) | International: Financial control Cash management | Follow up of recommendations regarding drug and property registries Submissions to Commissioner re appointment of an independent member to SAT. Presentation to Assets Management Seminar re internal control |
| 29 January 2003 | Quality assurance reviews of AFP investigations ACT Policing: use of intelligence | Trust accounting Protective Security: travel expenses 2001-2002 Advance Account Financial Statements (3) Melbourne Office exhibit stocktakes and reconciliations | Special review of claim for payment Review and archival of audit working papers re APS from Attorney-General's Department Internal Audit Manual updated Spreadsheet for analysis of performance indicators and auditee survey responses |
| 9 April 2003 | Contract management | | Presentation to ACT Policing re findings of audit of use of intelligence Briefing of new ANAO audit team members Participate in Standards Australia committee developing corporate governance standards Secretariat and other assistance to PROMIS Property Module Steering Committee Observer status with Commercial Governance Committee Provision of ongoing SAT Secretariat function, and ad hoc advice to various clients |
| Count | 8 | 15 | 19 |

APPENDIX 03

APPENDIX 03

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 as each case may comprise a number of separate complaints/allegations.

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 matter to which the Complaints (Australian Federal Police) Act applies.

Table 10: Complaints and allegations received in 2002-03 (by source)

| Referral Source | Complaints | | Allegations | |
|-----------------------|------------|----------|-------------|----------|
| | Referrals | Per cent | Referrals | Per cent |
| AFP internal | 28 | 3.80 | 134 | 90.00 |
| Government Department | 2 | 0.30 | 1 | 0.70 |
| Media | 0 | 0.00 | 0 | 0.00 |
| Ministerial | 0 | 0.00 | 0 | 0.00 |
| Ombudsman | 258 | 34.50 | 0 | 0.00 |
| Reported by public | 458 | 61.30 | 13 | 8.60 |
| State Police | 1 | 0.10 | 1 | 0.70 |
| Total | 747 | 100.00 | 149 | 100.00 |

Source: Professional Standards (PRS) PROMIS as at 1 July 2003

APPENDIX 03

Table 11: Number of complaint issues received in 2002-03 (by status and category)

| Category | Completed | Outstanding | Total |
|--------------------------|-----------|-------------|-------|
| Advice | 25 | 24 | 49 |
| Arrest | 24 | 37 | 61 |
| Assault | 6 | 12 | 18 |
| Conduct | 32 | 11 | 43 |
| Criminal offence | 10 | 1 | 11 |
| Entry and search | 45 | 23 | 68 |
| Fraud | 4 | 2 | 6 |
| Harassment | 67 | 51 | 118 |
| Incivility | 92 | 62 | 154 |
| Miscellaneous | 14 | 7 | 21 |
| Misuse of authority | 34 | 34 | 68 |
| Neglect of duty | 125 | 96 | 221 |
| Non-complaint | 3 | 1 | 4 |
| Practices and procedures | 124 | 103 | 227 |
| Property | 22 | 29 | 51 |
| Traffic | 20 | 15 | 35 |
| Use of Force/Person | 45 | 76 | 121 |
| Total | 692 | 584 | 1,276 |

Source: PRS PROMIS as at 1 July 2003

Footnote: The total number of complaint issues varies from the total number of actual complaints as each referral may comprise a number of separate complaints

APPENDIX 03

Table 12: Results of completed investigations (complaint issues) 2002-03

| Category | A | B | C | D | E | F | G | Total |
|--------------------------|----|----|---|---|-----|----|-----|-------|
| Advice | 0 | 0 | 0 | 0 | 8 | 1 | 16 | 25 |
| Arrest | 0 | 2 | 0 | 0 | 3 | 0 | 19 | 24 |
| Assault | 0 | 2 | 1 | 0 | 15 | 0 | 3 | 21 |
| Conduct | 0 | 0 | 0 | 0 | 16 | 0 | 17 | 33 |
| Criminal offence | 0 | 9 | 0 | 0 | 0 | 0 | 1 | 10 |
| Entry and search | 0 | 0 | 0 | 0 | 0 | 0 | 29 | 29 |
| Fraud | 0 | 0 | 0 | 1 | 0 | 0 | 3 | 4 |
| Harassment | 2 | 2 | 1 | 0 | 20 | 0 | 42 | 67 |
| Incivility | 0 | 1 | 0 | 1 | 37 | 7 | 46 | 92 |
| Miscellaneous | 0 | 1 | 0 | 0 | 0 | 0 | 13 | 14 |
| Misuse of authority | 3 | 7 | 0 | 2 | 5 | 1 | 16 | 34 |
| Neglect of duty | 2 | 12 | 0 | 3 | 44 | 4 | 60 | 125 |
| Non-complaint | 0 | 0 | 0 | 0 | 1 | 0 | 2 | 3 |
| Practices and procedures | 4 | 0 | 0 | 1 | 46 | 1 | 72 | 124 |
| Property | 1 | 0 | 0 | 0 | 4 | 3 | 14 | 22 |
| Traffic | 0 | 0 | 0 | 0 | 10 | 2 | 8 | 20 |
| Use of Force/Person | 0 | 5 | 0 | 1 | 16 | 0 | 23 | 45 |
| Total | 12 | 41 | 2 | 9 | 225 | 19 | 384 | 692 |

Source: PRS PROMIS as at 1 July 2003
Footnote: The total number of complaint issues varies from the total number of actual complaints as each referral may comprise a number of separate complaints

- A
- Substantiated
- B
- Unsubstantiated
- C
- Incapable of determination
- D
- Conciliation
- E
- Conciliation successful
- F
- Withdrawn
- G
- Discretion exercised by the Ombudsman not to investigate

APPENDIX 03

Table 13: Number of allegation issues received in 2002-03 (by status and category)

| Category | Completed | Outstanding | Total |
|--------------------------|-----------|-------------|-------|
| Advice | 4 | 1 | 5 |
| Arrest | 0 | 0 | 0 |
| Assault | 2 | 2 | 4 |
| Conduct | 29 | 29 | 58 |
| Criminal offence | 7 | 20 | 27 |
| Entry And search | 0 | 0 | 0 |
| Fraud | 6 | 17 | 23 |
| Harassment | 1 | 2 | 3 |
| Incivility | 0 | 2 | 2 |
| Miscellaneous | 2 | 0 | 2 |
| Misuse of authority | 6 | 22 | 28 |
| Neglect of duty | 1 | 13 | 14 |
| Non-complaint | 0 | 0 | 0 |
| Practices and procedures | 1 | 4 | 5 |
| Property | 6 | 7 | 13 |
| Traffic | 0 | 2 | 2 |
| Use Of Force/Person | 0 | 0 | 0 |
| Total | 65 | 121 | 186 |

Source: PRS PROMIS as at 1 July 2003
Footnote: The total number of allegation issues varies from the total number of actual allegations as each referral may comprise a number of separate allegations

APPENDIX 03

Table 14: Results of completed investigations (allegation issues) 2002-03

| Category | A | B | C | D | Total |
|--------------------------|----|----|---|----|-------|
| Advice | 2 | 0 | 0 | 2 | 4 |
| Arrest | 0 | 0 | 0 | 0 | 0 |
| Assault | 1 | 1 | 0 | 0 | 2 |
| Conduct | 10 | 12 | 0 | 7 | 29 |
| Criminal offence | 2 | 4 | 1 | 0 | 7 |
| Entry and search | 0 | 0 | 0 | 0 | 0 |
| Fraud | 3 | 3 | 0 | 0 | 6 |
| Harassment | 1 | 0 | 0 | 0 | 1 |
| Incivility | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 0 | 0 | 0 | 2 | 2 |
| Misuse of authority | 0 | 3 | 0 | 3 | 6 |
| Neglect of duty | 0 | 0 | 0 | 1 | 1 |
| Non-complaint | 0 | 0 | 0 | 0 | 0 |
| Practices and procedures | 1 | 0 | 0 | 0 | 1 |
| Property | 1 | 1 | 0 | 4 | 6 |
| Traffic | 0 | 0 | 0 | 0 | 0 |
| Use Of Force/Person | 0 | 0 | 0 | 0 | 0 |
| Total | 21 | 24 | 1 | 19 | 65 |

Source: PRS PROMIS as at 1 July 2003
Footnote: The total number of investigations completed includes investigations commenced in previous reporting periods

- A
- Substantiated
- B
- Unsubstantiated
- C
- Incapable of determination
- D
- Discretion exercised by the AFP not to investigate

APPENDIX 03

PROHIBITED DRUG TESTING PROGRAMS 2002-03

The AFP runs various prohibited drug testing programs which are within the AFP's Drug Free Workforce Program. These programs are: Mandatory Applicant Testing; Mandatory Targeted Testing; Mandatory Investigation Testing; and Mandatory Certain Incident Testing.

A result of an initiative promulgated by the Commissioner in March 2002, Mandatory Targeted Testing was expanded to cover the entire AFP workforce to ensure that all employees would be tested within a specific time frame. This initiative, which commenced on 1 July 2002, is known as 100 per cent testing or the Expanded Mandatory Targeted Testing program. It can be seen in the table below that this program has greatly increased the number of tests that have been conducted as compared to last year's figures. The commencement of a program of Volunteers in Policing Program has prompted the creation of a new drug testing category known as the Mandatory Volunteer Testing program.

The AFP 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 or Expanded Mandatory Targeted Testing programs have their suitability for continued employment reviewed. The programs to test employees for the use of prohibited drugs continued to receive full cooperation from AFP employees and the Australian Federal Police Association. 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 2001-02 and 2002-03. During the 2002-03 reporting period, one applicant for an unsworn position, five contractors, and one employee tested positive for drug use. All other tests returned negative results.

Table 15: AFP Prohibited drug tests conducted 2001-03

| Category | 2002-03 | 2001-02 |
|-------------------------------------|---------|---------|
| Mandatory Applicant Testing | | |
| Employees (Unsworn) | 361 | 318 |
| Recruits (Sworn) | 362 | 231 |
| Total | 723 | 549 |
| Mandatory Targeted Testing | 39 | 83 |
| Expanded Mandatory Targeted Testing | 1,866 | 0 |
| Total | 1,905 | 83 |
| Mandatory Volunteer Testing | 28 | 0 |
| Mandatory Investigation Testing | 10 | 7 |
| Mandatory Certain Incident Testing | 3 | 5 |
| Contractor Tests | 117 | 32 |

Source: AFP Medical Services results database as at 1 July 2003

The APS has zero tolerance of prohibited drugs for operational officers. Random drug testing is carried out for the Air Security Officer program and the pre-employment medical check for prospective APS officers includes a drug screening component.

APPENDIX 03

ACTION TAKEN AGAINST EMPLOYEES

Employment Standards (ES) conducts employment suitability assessments that assess reported misconduct or performance issues against the career and performance history of the individual.

ES also manages misconduct cases referred by the Professional Standards Review Team and cases that involve performance issues that are referred by AFP managers. Referrals come to ES via the Professional Standards Operations Monitoring Centre.

The 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 outlined in the Workplace Relations Act 1996.

ES has a role that extends beyond preparing employment suitability assessments. That role includes the development of strategies designed to address both individual and generic shortcomings in the workplace. ES also contributes to the development of integrity training delivered to the wider AFP by the Professional Standards Marketing and Development Team. This is achieved by the provision of case studies and by ES officers having an active role in aspects of integrity training.

The Australian Federal Police Act 1979 is the legislation forming the basis of the processes administered by ES. This 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 s. 28 (employment power) of the Act are appealable to the AIRC on the grounds of unfair dismissal via the Workplace Relations Act. There are some exclusions to this rule precluding the employee affected from appealing to the AIRC 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 s. 40K (command power) of the Australian Federal Police Act in conjunction with s. 28 of that Act. The issuance of a s. 40K certificate of serious misconduct may also preclude an employee’s right of appeal for unfair dismissal to the AIRC.

Table 16: AFP Action taken against employees 2001-03

| Action | 2002-03 | 2001-02 |
|--|---------|---------|
| Employment suitability review | 20 | 23 |
| Section 40K – Serious Misconduct Declaration | 0 | 1 |
| Section 28 terminations | 3 | 4 |
| Discipline | 0 | 0 |
| Other (Comcare, counselling, human rights etc) | 5 | 6 |

Source: PRS PROMIS as at 1 July 2003

APPENDIX 03

SECURITY CLEARANCES

Table 17: Number of AFP security clearances completed 2001-03 (by category)

| Category | 2002-03 | 2001-02 |
|-------------------|---------|---------|
| Position of Trust | 1,389 | 680 |
| Protected | 132 | 111 |
| Highly Protected | 888 | 579 |
| Confidential | 1 | 0 |
| Secret | 120 | 61 |
| Top Secret | 448 | 158 |
| Total | 2,978 | 1,589 |

Source: PRS PROMIS as at 1 July 2003

Table 18: Number of APS internal security clearances completed 2001 -03(by clearance level)

| Category | 2002-03 | 2001-02 |
|------------------|---------|---------|
| Protected | 22 | 41 |
| Highly Protected | 6 | 1 |
| Confidential | 222 | 199 |
| Secret | 108 | 88 |
| Top Secret | 35 | 21 |
| Total | 393 | 350 |

Source: Vetting Team, APS. Data as at 1 July 2003

APPENDIX 03

Table 19: Number of APS external security clearances completed 2001-03 (by clearance level)

| Category | 2002-03 | 2001-02 |
|------------------|---------|---------|
| Protected | 421 | 111 |
| Highly Protected | 194 | 22 |
| Confidential | 45 | 11 |
| Secret | 123 | 61 |
| Top Secret | 212 | 58 |
| Total | 995 | 263 |

Source: Vetting Team, APS. Data as at 1 July 2003

APPENDIX 03

Table 20: Total number of APS internal and external clearances 2002-03

| Category | Number of clearances |
|----------|----------------------|
| Internal | 613 |
| External | 1,388 |
| Total | 2,001 |

Source: Vetting Team, APS. Data as at 1 July 2003

APPENDIX 03

CONSULTANCY SERVICES

Table 21: AFP consultancy services 2002-03 (over \$10,000)

| Consultant name | Description of service | Cost in 2002-03 \$ | Advertising process | Reason engaged |
|--|---|-------------------------|------------------------|-------------------|
| Active Language Solutions | Spanish translation services – Operation Hampstead | 15,262.50 | IV, V | A, B |
| B & H Australia | Integration and upgrade of AFP College's video conferencing facilities | 36,969.00 | III | A, B |
| Centre for International Economics | Cost benefit analysis of APS | 66,000.00 | II | B, D |
| Chris Farrell Consulting ¹ | Development of an employer brand for the AFP | 108,709.00 | II | A,B |
| Chris Farrell Consulting | Review of Employee Assistance & Psychological Services | 36,982.00 | II | A, B and D |
| Davidson Trahaire | Development of a strategic planning framework for re-integrating members after extended absences | 24,200.00 | IV, V | A, D |
| Fisher Cartwright Berriman | Review of current legislative and internal provisions relating to Professional Standards in the AFP | 104,500.00 | III | A, B |
| Grosvenor Management Consulting | Review of current service delivery model in respect of Records Management Services | 26,485.00 | II, IV | A, B |
| Grosvenor Management Consulting | Review of facilities management functions | 48,469.00 | II | A, B |
| Hinds Workforce Research | Employee Satisfaction Survey | 286,845.96 | II | A, B, D |
| IBM Global Services Australia Ltd | Business continuity plan for IT Services | 20,001.40 | II, III | B |
| I-Site Ltd | Capture detailed data images of the Bali blast scene | 18,810.08 | III | A, B |
| Key Energy and Resources | Energy management analysis and review of consumption and costs | Nil this financial year | II | B |
| Market Attitude Research Services | Provision of survey services re levels of AFP client satisfaction | 34,161.60 | II, III, IV & V | B |
| Market Attitude Research Services | Community attitude surveying in Holt and Wanniasa pre- and post-deployment of Suburban Crime Prevention Team | 24,310.00 | II | D |
| National Promotions Australia P/L ¹ | Market and campaign management services | 150,162.00 | II, IV | A, B |
| New Focus Research | Developmental market research for the AFP's recruitment campaign | 51,300.00 | II | B, D |
| Pure Risk Management | Review of insurance arrangements in the AFP | 12,600.00 | II | A, B, D |
| Ready Tech P/L Trading as Entec | Technical advice re design, construction and delivery of 5 twin-hulled police vessels | 26,215.00 | II, III | A, B |
| Workplace Research Associates | Research & advice on feasibility for AFP's application for Australian Chamber of Commerce and Industry National Work and Family Awards 2003 | Nil this financial year | II, IV | A, B |

Source: AFP Commercial Support. Data as at 30 July 2003
Footnote 1: Denotes information which may be reportable under both Consultancy services and Advertising and market research

Reasons for engaging consultants:

- A Lack of available in-house resources
- B Specialist skills required
- C Need for access to latest technology
- D Need for independent study
- E Need for facilitator
- F Other (state reason)

APPENDIX 03

Codes for advertised process:

- I Public tender
- II Selective tender, or direct engagement of
- III Recognised and pre-eminent expert
- IV A consultant who had previously undertaken closely related work for the department
- V Or a consultant known to have the requisite skills where the value of the project did not justify the expense or delay associated with seeking tenders

APPENDIX 03

Table 22: APS consultancy services 2002-03 (over \$10,000)

| Consultant name | Description of service | Cost in 2002-03 \$ | Advertising process | Reason engaged |
|--|--|--------------------|---------------------|----------------|
| Acumen Business Solutions | System improvement/Problem solving | 25,833.50 | III, IV, V | A, B |
| Courage Partners | Investigation services to Vetting | 21,450.00 | V | A |
| Deloitte Consulting | Hosting/Basis contract | 437,599.80 | II | A, B |
| Deloitte Consulting | System improvement/Problem solving | 205,714.30 | II, III | A, B |
| e-MagineIT | SAP HR and payroll skills | 40,271.00 | III, IV, V | A, B |
| F1 Solutions | Air Marshall rostering system | 152,876.59 | II, III, V | A, B |
| Integrity, Fraud and Security Management | Undertake security reviews; undertake fraud control reviews; develop value added business models to enhance APS risk product; undertake presentations to staff and recrates on risk management; undertake a fraud risk review of APS operations, to agreed timelines | 114,941.70 | V | A, B |
| Lloyds Register Quality Assurance | Conduct audits at APS Stations and Central Management System | 20,853.53 | III | D |
| Price Waterhousecoopers | Business continuity plan | 59,478.77 | IV | B |
| SRM Australia | Consultancy services to National Library | 16,335.00 | IV | B |
| Workplace Research Associates | Assessor training and use of companies assessors | 20,240.00 | III, IV | A, B |
| Workplace Research Associates | Development of Assessment Centre and provision of assessors | 150,000.00 | III, IV | B, D |

Source: APS System Applications and Products in Data Processing (SAP) version 4.6C Finance module and Client Service Section, APS. Data as at 1 July 2003

Reasons for engaging consultants:

- A Lack of available in-house resources
- B Specialist skills required
- C Need for access to latest technology
- D Need for independent study
- E Need for facilitator
- F Other (state reason)

APPENDIX 03

Codes for advertised process:

- I Public tender
- II Selective tender, or direct engagement of
- III Recognised and pre-eminent expert
- IV A consultant who had previously undertaken closely related work for the department
- V Or a consultant known to have the requisite skills where the value of the project did not justify the expense or delay associated with seeking tenders

APPENDIX 03

ADVERTISING AND MARKET RESEARCH

Table 23: AFP and APS advertising and market research expenditure 2002-03 (over \$1,500)

| Consultant name | Description of services | Cost in 2002-03 \$ |
|---|--|--------------------|
| Association news (Police Association of Tasmania) | AFP advertising | 2,742.22 |
| The Australian (News Corporation) | AFP advertising | 7,206.32 |
| Canberra Times | AFP advertising | 17,057.35 |
| Chris Farrell Consulting ¹ | Development AFP advertising of an employer brand for the AFP | 108,709.00 |
| HMA Blaze Pty Ltd | APS recruitment advertising | 3,574.00 |
| HMA Blaze Pty Ltd | AFP advertising | 25,099.34 |
| Melbourne Age | AFP advertising | 3,994.17 |
| National Promotions Australia P/L ¹ | Market and campaign management services | 150,162.00 |
| Newspoll Market Research (Cudex Pty Ltd) | Omnibus market research | 26,933.50 |
| Police Association of New South Wales | AFP advertising | 3,463.33 |
| Police Association Victoria | AFP advertising | 3,463.33 |
| Police journal (Australian Federal Police Association) | AFP advertising | 3,117.00 |
| Police journal (Queensland Police Union) | AFP advertising | 2,000.00 |
| Public Service Gazette | APS recruitment advertising | 3,094.00 |
| Spherion | AFP recruitment advertising | 230,358.73 |
| Starcom Worldwide Pty Ltd | AFP non-campaign expenditure | 187,838.90 |
| Starcom Worldwide Pty Ltd | APS recruitment advertising | 8,544.00 |
| Sydney Morning Herald (John Fairfax Holdings Limited) | AFP advertising | 5,910.36 |
| WA Police news (Western Australian Police Union of Workers) | AFP advertising | 2,963.33 |
| West Australian (West Australian Newspapers Holdings Limited) | AFP advertising | 2,761.20 |

Footnote 1: Denotes information which may be reportable under both Consultancy services and Advertising and market research

The total advertising and market research expenditure for the APS was \$22,482.25 whilst the total estimated advertising and market research expenditure of the AFP is approximately \$800,000.00.

APPENDIX 03

FREEDOM OF INFORMATION - AFP

Subsection 8 (1) of the Freedom of Information Act 1982 (the FOI Act) 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 s. 9 of the Australian Federal Police 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 web site.

Details on the requests for information received by the AFP during the financial year are as follows:

Table 24: AFP information requests 2001-03

| Category | 2002-03 | 2001-02 |
|--|---------|---------|
| Freedom of Information | 126 | 127 |
| Requests for documents - offences against the person | 366 | 314 |
| Requests for documents - accidents | 3,134 | 2,903 |
| Request for documents - offences against property | 503 | 750 |
| Subpoena or Summons | 460 | 390 |

Source: AFP FOI Team and all AFP Regions. Data as of 5 August 2003

APPENDIX 03

FOI 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 s. 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 X [add page number at page proof stage].

Further information regarding any FOI matter can be obtained by phoning the FOI Team on (02) 6246 2112. 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;

APPENDIX 03

- 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 web site at www.afp.gov.au.

APPENDIX 03

FREEDOM OF INFORMATION - APS

FUNCTIONS

The principal function of the APS is to meet Government and commercial client requirements in the areas of physical security services. These include:

- protective and custodial services;
- diplomatic and consular security within Australia and overseas;
- security vetting;
- counter-terrorist first-response role at security-designated airports;
- in-flight air security on select domestic and international flights; and
- specialised advisory services on various aspects of protective security services.

Under s. 23 of the FOI Act, the General Manager Protection and Guarding has the decision-making powers for the APS. In 2002-03, the APS received one request. There are no arrangements for outside participation in the formulation of FOI policy or in the administration of the APS unless separately stated in this report.

CATEGORIES OF DOCUMENTS

The following specific categories of documents are maintained by the APS:

- accounting and budgetary data and analysis;
- assets register;
- business planning;
- marketing and promotional information and material including videos;
- misconduct and review of actions;
- operational incident reports;
- performance appraisal documents;
- personnel and pay administration records;
- recruiting campaign files;
- security clearance records for employees;
- tenders and associated commercial information; and
- training.

FOI PROCEDURES AND CONTACT POINTS

An application fee of \$30.00 applies to all requests made under the FOI Act, and there are further charges for processing applications. For detailed information about APS FOI procedures, officers are able to directly contact the FOI Coordinator at national headquarters listed below. Facilities for examining documents and preparation of copies, if required, are also available at this address:

FOI Coordinator
Australian Protective Service
West Block Offices
Queen Victoria Terrace
PARKES ACT 2601
Ph: (02) 6270 2600
Fax: (02) 6270 2699

APPENDIX 03

Table 25: APS FOI statistics 2001-03

| REQUESTS | 2002-03 | 2001-02 |
|---|---------|---------|
| Requests carried over from previous year | 1 | 0 |
| Requests received | 1 | 1 |
| Granted in full | 0 | 0 |
| Granted in part | 1 | 0 |
| Refused | 0 | 0 |
| Transferred | 0 | 0 |
| Withdrawn | 1 | 0 |
| Requests outstanding at the end of the year | 0 | 1 |

Source: FOI Coordinator, APS. Data as at 1 July 2003
Footnote: The one request granted in part during 2002-03 was the request received from the previous year.

REVIEWS OF DECISIONS

No reviews of decisions were received during 2002-03.

Table 26: APS FOI request response times 2001-03

| Time taken to respond (days) | 2002-03 | 2001-02 |
|------------------------------|---------|---------|
| 0-30 | 1 | 1 |
| 31-60 | 0 | 0 |
| 61-90 | 0 | 0 |
| Over 91 | 0 | 0 |
| Total | 1 | 1 |

Source: FOI Coordinator, APS. Data as at 1 July 2003

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Table 27: AFP senior executive 2002-03

| Executive | Area | AFP Sworn | AFP Unsworn | Grand Total |
|--|--------------------------------------|-----------|-------------|-------------|
| ACT Policing | ACT | 3 | 1 | 4 |
| ACT Policing Total | | 3 | 1 | 4 |
| Enabling | Commissioners Office | 2 | 1 | 3 |
| | Forensic | 0 | 1 | 1 |
| | Policy and Commercial | 0 | 6 | 6 |
| | People and Finance Management | 3 | 5 | 8 |
| Enabling Total | | 5 | 13 | 18 |
| International/National | Commissioners Office | 1 | 0 | 1 |
| | Eastern | 1 | 1 | 2 |
| | International and Federal Operations | 10 | 0 | 10 |
| | Northern | 3 | 0 | 3 |
| | Professional Standards | 1 | 0 | 1 |
| | Southern | 2 | 1 | 3 |
| | Western | 1 | 0 | 1 |
| International/National Total | | 19 | 2 | 21 |
| Executive Director of Protection | Commissioners Office | 1 | 0 | 1 |
| | APS Trans | 1 | 0 | 1 |
| | Protection | 2 | 0 | 2 |
| Executive Director of Protection Total | | 4 | 0 | 4 |
| Executive Services | Commissioners Office | 1 | 0 | 1 |
| | Director Outcome Service Delivery | 1 | 0 | 1 |
| | Marketing and Communications | 0 | 1 | 1 |
| Executive Services Total | | 2 | 1 | 3 |
| Grand Total | | 33 | 17 | 50 |

Source: EIS Pay 26 2002/03
Footnote: 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 the above table.

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Table 28 AFP geographical distribution 2002-03

| Location | Sworn | | Sworn Total | Unsworn | | Unsworn Total | Total |
|------------------------------|-------|-------|-------------|---------|-----|---------------|-------|
| | F | M | | F | M | | |
| Australian Capital Territory | 244 | 816 | 1060 | 496 | 404 | 900 | 1960 |
| New South Wales | 117 | 306 | 423 | 62 | 41 | 103 | 526 |
| Northern Territory | 3 | 6 | 9 | 1 | 1 | 2 | 11 |
| Queensland | 43 | 156 | 199 | 37 | 26 | 63 | 262 |
| South Australia | 18 | 53 | 71 | 7 | 5 | 12 | 83 |
| Tasmania | 2 | 3 | 5 | | 1 | 1 | 6 |
| Victoria | 76 | 215 | 291 | 42 | 28 | 70 | 361 |
| Western Australia | 21 | 101 | 122 | 23 | 13 | 36 | 158 |
| Commonwealth Territories | 2 | 20 | 22 | 4 | 2 | 6 | 28 |
| Overseas Posts | 18 | 77 | 95 | 2 | 4 | 6 | 101 |
| Total | 544 | 1,753 | 2,297 | 674 | 525 | 1,199 | 3,496 |

Source: EIS pay 26 2002-03

Table 29 APS geographical distribution 2002-03 (by broad-banded classification and gender (includes ongoing, non-ongoing, full-time and part-time (full-time equivalent))

| Location | SES | | EL1-2 & equiv | | APSL1-6 &equiv | | Total | |
|------------------------------|-----|---|---------------|------|----------------|--------|-------|--------|
| | F | M | F | M | F | M | F | M |
| Australian Capital Territory | 0 | 1 | 6 | 36.8 | 98.8 | 476.8 | 104.8 | 514.6 |
| New South Wales | 0 | 0 | 0 | 7 | 22.8 | 201.3 | 22.8 | 208.3 |
| Victoria | 0 | 0 | 0 | 3 | 8 | 62 | 8 | 65 |
| Queensland | 0 | 0 | 0 | 5 | 11 | 86 | 11 | 91 |
| South Australia | 0 | 0 | 0 | 2 | 2 | 23 | 2 | 25 |
| Western Australia | 0 | 0 | 0 | 1 | 1 | 12 | 1 | 13 |
| Tasmania | 0 | 0 | 0 | 1 | 11 | 89 | 11 | 90 |
| Northern Territory | 0 | 0 | 0 | 1 | 7 | 83 | 7 | 84 |
| Total | 0 | 1 | 6 | 56.8 | 161.6 | 1033.1 | 167.6 | 1090.9 |

Source: APS SAP 4.6C Human Resources Public Sector. Data as at 1 July 2003

APPENDIX 04

Table 30: AFP ongoing and non-ongoing and casual staff 2001-03

| Employee Group | 2002-03 | 2001-02 | Difference | Per cent change |
|---------------------|---------|---------|------------|-----------------|
| Permanent full-time | 3,275 | 2,812 | 463 | 16.47 |
| Permanent part-time | 118 | 111 | 7 | 6.31 |
| Temporary full-time | 87 | 93 | -6 | -6.45 |
| Temporary part-time | 8 | 16 | -8 | -50.00 |
| Casuals | 7 | 15 | -8 | -53.33 |
| Secondee paid | 1 | 4 | -3 | -75.00 |
| Total | 3,496 | 3,051 | 445 | 14.59 |

Source: EIS Pay 26 2002-03

Table 31: APS recruitment activity 2002-03

| | 2002-03 |
|--|---------|
| New recruits (ASO, EDC & PSO officers) | 319 |
| Australian Public Service Level 2 | 13 |
| Australian Public Service Level 3 | 32 |
| Australian Public Service Level 4 | 6 |
| Australian Public Service Level 5 | 9 |
| Australian Public Service Level 6 | 9 |
| Executive Level (EL) 1 | 12 |
| EL 2 | 3 |
| Total | 403 |

Source: APS Recruitment Section. Data as at 1 July 2003

APPENDIX 04

Table 32: AFP workforce composition 2002-03

| Salary Groups | Sworn | | Sworn Total | Unsworn | | Unsworn Total | Total |
|---------------------------------------|-------|-------|-------------|---------|-----|---------------|-------|
| | F | M | | F | M | | |
| 1 | 0 | 0 | 0 | 0 | 2 | 2 | 2 |
| 4 | 0 | 0 | 0 | 1 | 1 | 2 | 2 |
| 5 | 0 | 0 | 0 | 40 | 16 | 56 | 56 |
| 6 | 85 | 248 | 333 | 74 | 87 | 161 | 494 |
| 7 | 23 | 30 | 53 | 93 | 45 | 138 | 191 |
| 8 | 5 | 10 | 15 | 94 | 46 | 140 | 155 |
| 9 | 78 | 160 | 238 | 119 | 39 | 158 | 396 |
| 10 | 190 | 565 | 755 | 72 | 44 | 116 | 871 |
| 11 | 21 | 88 | 109 | 57 | 32 | 89 | 198 |
| 12 | 39 | 205 | 244 | 43 | 57 | 100 | 344 |
| 13 | 60 | 238 | 298 | 37 | 35 | 72 | 370 |
| 14 | 14 | 56 | 70 | 16 | 45 | 61 | 131 |
| 15 | 14 | 48 | 62 | 5 | 22 | 27 | 89 |
| 16 | 10 | 51 | 61 | 11 | 33 | 44 | 105 |
| 17 | 2 | 10 | 12 | 2 | 4 | 6 | 18 |
| 18 | 1 | 6 | 7 | 1 | 3 | 4 | 11 |
| 19 | 0 | 1 | 1 | 0 | 0 | 0 | 1 |
| 22 | 0 | 1 | 1 | 0 | 0 | 0 | 1 |
| Casual | 0 | 5 | 5 | 1 | 1 | 2 | 7 |
| SES | 2 | 29 | 31 | 5 | 12 | 17 | 48 |
| Statutory Office Holders | 0 | 2 | 2 | 0 | 0 | 0 | 2 |
| National Indigenous Cadetship Program | 0 | 0 | 0 | 3 | 1 | 4 | 4 |
| Total | 544 | 1,753 | 2,297 | 674 | 525 | 1,199 | 3,496 |

Source: EIS Pay 26 2002-03

APPENDIX 04

Table 33: APS workforce composition 2002-03

| Salary group | | Non-ongoing | | Ongoing | | Total |
|------------------------|--------|-------------|-----|---------|-----|-------|
| | | 0 | F-T | P-T | F-T | |
| APSL1-6 and equivalent | Female | 2 | 123 | 7 | 32 | 165 |
| | Male | 3 | 928 | 2 | 102 | 1,034 |
| EL1-2 and equivalent | Female | 2 | 6 | 0 | 0 | 6 |
| | Male | 3 | 52 | 1 | 3 | 58 |
| SES | Female | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 1 | 0 | 0 | 1 |
| Total | Female | 4 | 129 | 7 | 32 | 171 |
| | Male | P-T | 981 | 3 | 105 | 1,093 |

Source: APS SAP 4.6C Human Resources Public Sector. Data as at 1 July 2003

APPENDIX 04

Table 34: Salary ranges available to AFP employees 2002-03

| Staff grade | Minimum \$ | Maximum \$ |
|-------------|------------|------------|
| AFP Band1 | 29,009 | 32,221 |
| AFP Band 2 | 32,221 | 37,434 |
| AFP Band 3 | 37,434 | 43,706 |
| AFP Band 4 | 43,706 | 51,380 |
| AFP Band 5 | 51,380 | 55,661 |
| AFP Band 6 | 55,661 | 61,413 |
| AFP Band 7 | 61,413 | 65,776 |
| AFP Band 8 | 65,776 | 71,595 |
| AFP Band 9 | 71,595 | 85,046 |

Source: AFP Governance Framework, Salary Spine, as at 1 July 2003

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Table 35: Salary ranges available to APS employees 2002-03

| Category and Classification | | Salary rates at 30 June 2003 |
|--|-----------------|------------------------------|
| Section 170MX: Operational officers | | |
| | AFR \$ | Non AFR \$ |
| PS01 | 32,425 – 35,846 | 31,556 – 34,993 |
| PS02 | 36,876 – 39,772 | 35,942 – 38,792 |
| Senior Protective Service Officer | 41,333 – 44,582 | 40,059 – 43,495 |
| AWA: NHQ and Station management officers | | |
| APS2 | | 33,820 – 37,503 |
| APS3 | | 38,521 – 41,576 |
| APS4 | | 42,932 – 46,615 |
| APS5 | | 47,886 – 50,777 |
| APS6 | | 51,720 – 59,411 |
| EL1 | | 66,112 – 71,403 |
| EL2 | | 76,184 – 89,310 |
| Section 24 Determination | | |
| ASO | | 53,665 – 55 373 |
| ASO Team Leader | | 56,812 – 58 268 |

Source: Section 170MX of the Workplace relations Act and ASO Section 24 Determination under the Australian Public Service Act.
Data as at 1 July 2003

APPENDIX 04

Table 36: AFP years of service

| Personnel Area | Executive | Years of service | | | | | | | Total |
|----------------|---------------|------------------|-------|-------|-------|-------|-------|-----|-------|
| | | 0 | 01-05 | 06-10 | 11-15 | 16-20 | 21-25 | 26+ | |
| Sworn | Outcome One | 177 | 400 | 91 | 245 | 230 | 143 | 95 | 1,381 |
| | Outcome Two | 77 | 296 | 23 | 60 | 61 | 68 | 43 | 628 |
| | Enabling | 0 | 18 | 10 | 32 | 50 | 28 | 20 | 158 |
| | EDP | 1 | 20 | 7 | 25 | 21 | 16 | 13 | 103 |
| | EXEC SERVICES | 0 | 4 | 2 | 9 | 8 | 4 | 0 | 27 |
| Sworn Total | | 255 | 738 | 133 | 371 | 370 | 259 | 171 | 2,297 |
| Unsworn | Outcome One | 190 | 219 | 42 | 74 | 22 | 12 | 9 | 568 |
| | Outcome Two | 50 | 70 | 4 | 14 | 8 | 0 | 0 | 146 |
| | Enabling | 107 | 173 | 48 | 50 | 37 | 11 | 3 | 429 |
| | EDP | 3 | 8 | 4 | 0 | 2 | 1 | 1 | 19 |
| | EXEC SERVICES | 11 | 16 | 1 | 2 | 4 | 1 | 2 | 37 |
| Unsworn Total | | 361 | 486 | 99 | 140 | 73 | 25 | 15 | 1,199 |
| Total | | 616 | 1224 | 232 | 511 | 443 | 284 | 186 | 3,496 |

Source: EIS Pay 26 2002-03. Data as at 1 July 2003

APPENDIX 04

Table 37: Outposting to other agencies/police services, secondments, Territories policing and peacekeeping

| Actual Grades and Type | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|----|----|----|---|----|------|----|----|----|---|----|---|----|---|----|---|----|---|----|---|----|---|----|---|----|-----|-------|-------|----|--|
| | 1 | | 2 | | 3 | | 4 | | 5 | | 6 | | 7 | | 8 | | 9 | | 10 | | 11 | | 12 | | 13 | | 14 | | 15 | | 16 | | 17 | | 18 | | 19 | | 20 | | 21 | | 22 | | Total | | | |
| Outpostings ^a | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | | | | |
| Australian Customs Service | | | | | | | | | | | | | | | | | | | 2 | | | | | | | | | | | | | | | | | | | | | | | | | 2 | | | | |
| Australian Prudential Regulation Authority | | | | | | | | | | | | | | | | | | | | | | | 1 | | | | | | | | | | | | | | | | | | | | | | 1 | | | |
| Australian Taxation Office | | | | | | | | | | | | | | | | | | | | | | | 4 | 1 | | | | | | | | | | | | | | | | | | | | 3.5 | 1 | | | |
| AUSTRADE | | | | | | | | | | | | | | | | | | | | | | | 1 | | | | | | | | | | | | | | | | | | | | | 1 | | | | |
| Austrac | | | | | | | | | | | | | | | | | | | | | 1 | | | | | | | | | | | | 1 | | | | | | | | | | | | 2 | | | |
| Centrelink | | | | | | | | | | | | | | | | | | | | | | | 3 | | | | | | | | | | | | | | | | | | | | | | 2.5 | | | |
| Dept. Foreign Affairs and Trade | | | | | | | | | | | | | | | | | | | | | | | | 1 | | | | | | | | | | | | | | | | | | | | | | 1 | | |
| Dept. Immigration and Multicultural and Indigenous Affairs | | | | | | | | | | | | | | | | | | | | | | | 2 | | | | | | | | | | | | | | | | | | | | | | 2 | | | |
| Insolvency and Trustee Service Australia | | | | | | | | | | | | | | | | | | | | | | | | 2 | | | | | | | | | | | | | | | | | | | | | | 1.8 | | |
| Secondments | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Australian Crime Commission ^b | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Adelaide | | | | | | | | | | | | | | | | | | | | | 1 | | | | | | | | | | | | | | | | | | | | | | | | | 1 | | |
| Brisbane | | | | | | | | | | | | | | | | | | 1 | 2 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | 4 | | |
| Melbourne | | | | | | | | | | | | | | | | | 3 | 2 | 3 | | 1 | | 1 | | | | | | 1 | | | | | | | | | | | | | | | | | | 11 | |
| Perth | | | | | | | | | | | | | 1 | | | | 1 | 1 | | | | | | | 1 | | | | | | | | | | | | | | | | | | | | | | 4 | |
| Sydney | | | | | | | | | | 5 | | | | | | | | | | 10 | 1 | | 4 | | | | | | 1 | | | | | | | | | | | | | | | | | | 21 | |
| External Territories | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chistmas Island | | | | | | | 1 | | | | | | | | | | 1 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | 8 | | |
| Cocos (Keeling) Islands | | | | | | | | | | | | 1 | | | | | | | | 2 | | | | 1 | | | | | | | | | | | | | | | | | | | | | | 4 | | |
| Norfolk Island | | | | | | | | | | | | | | | | | | | | 2 | | | | | | 1 | | | | | | | | | | | | | | | | | | | | | 3 | |
| Jervis Bay | | | | | | | | | | | | | | | | | | | | 2 | | | | 1 | | | | | | | | | | | | | | | | | | | | | | | 3 | |
| PeaceKeeping | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| East Timor | | | | | | | | | | | | | | | | | 2 | # | | | | | 3 | | 6 | | 1 | | 1 | | | | | | | 1 | | | | | | | | 1 | | | 28 | |
| UNCIVPOL - Cyprus | | | | | | | | | | | | | | 1 | | 1 | | 2 | | 9 | | | | 5 | | 1 | | 1 | | | | 1 | | | | | | | | | | | | | | | 21 | |
| Subtotal | | | | | | | | 1 | | 5 | | | 1 | | 2 | | 1 | | 10 | 2 | 50 | 1 | 5 | 9 | 20 | | 10 | | 2 | | 1 | | 3 | 1 | | | 1 | | | | | | | 1 | 13 | 113 | | |
| Total | | | | | | | | 1 | | 5 | | | 1 | | 2 | | 1 | | 10 | 52 | | 6 | | 28.8 | | 10 | | 2 | | 1 | | 3 | | 1 | | 1 | | | | | | 1 | | | | 125.8 | | |

APPENDIX 04

Table 38: Participation in AFP training programs 2001-03

| Program | 2002-03 | 2001-02 |
|---|---------|---------|
| Advanced Diploma of Public Safety (Police Investigations) | 15 | 0 |
| CPP | 66 | 16 |
| Criminal Intelligence Training Programs | | |
| Intelligence Analysts Notebook | 84 | 0 |
| Field Intelligence | 16 | 17 |
| Human Source Handling | 63 | 63 |
| Strategic Intelligence | 43 | 0 |
| E-crime | 253 | 116 |
| Federal Police Development Program (Recruits) | 265 | 200 |
| Federal Police Lateral Program (Entrants from other services) | 58 | 12 |
| Financial Investigations including Proceeds of Crime | 52 | 53 |
| Leadership Development Framework | | |
| Senior Leadership Training | 45 | 0 |
| APSC: Lead Your Team Workshops | 136 | 104 |
| APSC: Women in Leadership Workshops | 68 | 20 |
| Peacekeeping | 145 | 200 |
| Surveillance | 120 | 72 |

Source: AFP Learning and Development. Data as at 1 July 2003

APPENDIX 04

Table 39: Participation in APS internal training programs 2002-03

| Course | 2002-03 |
|---|---------|
| Recruit Training | 339 |
| AFR Training | 280 |
| Bomb Appraisal Officer | 15 |
| EDC Handler | 6 |
| Escort Officer | 24 |
| Firearms Instructor | 20 |
| Operational Safety Defensive Tactics Instructor | 20 |
| Leadership Development Program | 16 |
| Resuscitation, Oxygen and Defibrillation | 14 |
| Senior First Aid | 28 |
| Defensive Tactics Instructor Audit | 18 |
| Firearms Instructor Audit | 18 |

Source: APS National Training Centre. Data as at 1 July 2003

Table 40: AFP and APS awards presented during 2002-03

| Operating Division | National Medal | | | | Police Overseas Service Medal | | | | Commissioner's Commendations |
|--------------------|----------------|-----------------------|-----------------------|-----------------------|-------------------------------|--------|-----------------|-------------|------------------------------|
| | Medal | 1 st Clasp | 2 nd Clasp | 3 rd Clasp | Medal | Cyprus | Solomon Islands | Timor Leste | |
| AFP | 110 | 62 | 11 | 0 | 96 | 22 | 1 | 100 | 57 |
| APS | 40 | 8 | 4 | 0 | 0 | 0 | 0 | 0 | 0 |

Source: AFP Recognition and Ceremonial Team. Data as at 1 July 2003

APPENDIX 04

Table 41: Australian Police Medal recipients 2003

| Name | Date |
|---|-------------------------------|
| F/A Graham Ashton | Queen's Birthday Honours List |
| Detective Sergeant Donald Bailey | Australia Day Honours List |
| F/A Karen Beck | Australia Day Honours List |
| F/A John Lawler | Queen's Birthday Honours List |
| Detective Superintendent Raymond Sweeny | Australia Day Honours List |

Source: AFP Learning and Development. Data as at 1 July 2003

Table 42: AFP and APS Australia Day Medallions 2003

| Name | Location | Operating Division |
|---------------------|--------------------------|--------------------|
| F/A Murray Bolitho | Western Operations | AFP |
| Mr Rod Bradley | Building & Accommodation | AFP |
| PSO 1 Shane Brumby | Alice Springs Airport | APS |
| PSO 1 Steven Cooke | Brisbane Airport | APS |
| F/A Mike Dunlop | TID | AFP |
| Ms Maria Frilingos | APS Executive | APS |
| Mr John Fulton | Technical Operations | AFP |
| PSO 1 Max Hubner | Sydney Airport | APS |
| Mr Giuseppe Lumbaca | Training Support | AFP |
| F/A Gregory McLeod | Southern Operations | AFP |
| Ms Phillippa Mitton | Financial Service | ACT Policing, AFP |
| D/Sgt Daryl Neit | Crash Investigation Team | ACT Policing, AFP |

Source: AFP Recognition and Ceremonial Team. Data as at 1 July 2003

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FINANCIAL STATEMENTS



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 2003. The financial statements comprise:

- Statement by the Commissioner and the Chief Financial Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedule of Contingencies and Commitments; and
- Notes to and forming part of the Financial Statements.

The Commissioner 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 2003, and its financial performance and cash flows for the year then ended.

Australian National Audit Office

Brandon Jarrett
Acting Executive Director

Delegate of the Auditor-General

Canberra
22 August 2003



AUSTRALIAN FEDERAL POLICE

Financial Statements

For the Year Ended

30 June 2003

AUSTRALIAN FEDERAL POLICE

Statement by the Commissioner of Police and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2003 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

 August 2003

Signed 

Dianne Carlos
Chief Financial Officer

 August 2003

AUSTRALIAN FEDERAL POLICE
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2003

| | Notes | 2002-03 \$'000 | 2001-02 \$'000 |
|---|-------|-------------------|-------------------|
| Revenues from ordinary activities | | | |
| Revenues from Government | 3A | 383,698 | 303,790 |
| Sales of goods and services | 3B | 196,228 | 102,211 |
| Interest | 3C | 3,379 | 2,563 |
| Revenue from sales of assets | 3D | 61 | 20 |
| Reversals of previous asset write-downs | 3E | 14 | - |
| Other | | 213 | - |
| Total revenues from ordinary activities | | 583,593 | 408,584 |
| Expenses from ordinary activities (excluding borrowing cost expense) | | | |
| Employees | 4A | 362,858 | 231,685 |
| Suppliers | 4B | 189,185 | 135,891 |
| Depreciation and amortisation | 4C | 24,361 | 14,401 |
| Write-down of assets | 4D | 836 | 5,326 |
| Competitive neutrality costs | 4E | 6,910 | - |
| Value of assets sold | 3D | 40 | - |
| Total expenses from ordinary activities (excluding borrowing costs expense) | | 584,190 | 387,303 |
| Borrowing costs expense | 5 | 7 | - |
| Net surplus/(deficit) | | (604) | 21,281 |
| Net credit to asset revaluation reserve | | 2,577 | 507 |
| Decrease in accumulated results on initial application of nominal amounts expected to be settled within 12 months of reporting date under AASB 1028 Employee Benefits | | (374) | - |
| Total revenues, expenses and valuation adjustments attributable to the Commonwealth Government and recognised directly in equity | | 2,203 | 507 |
| Total changes in equity other than those resulting from transactions with owners as owners | | 1,599 | 21,788 |

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 2003

| | Notes | 2002-03 \$'000 | 2001-02 \$'000 |
|-------------------------------------|-------|-------------------|-------------------|
| ASSETS | | | |
| Financial Assets | | | |
| Cash | 7A | 71,701 | 5,352 |
| Receivables | 7B,C | 33,038 | 20,231 |
| Investments | 7D | - | 20,000 |
| Total financial assets | | 104,739 | 45,583 |
| Non-financial Assets | | | |
| Land and buildings | 8A,D | 2,670 | 63 |
| Infrastructure, plant and equipment | 8B,D | 80,976 | 57,061 |
| Intangibles | 8C,D | 18,095 | 8,255 |
| Other | 8E | 11,271 | 63,188 |
| Total non-financial assets | | 113,012 | 128,567 |
| TOTAL ASSETS | | 217,751 | 174,150 |
| LIABILITIES | | | |
| Provisions | | | |
| Employees | 9B | 97,893 | 77,072 |
| Other | 9C | 8,552 | 8,866 |
| Total provisions | | 106,445 | 85,938 |
| Payables | | | |
| Suppliers | 10A | 23,693 | 20,070 |
| Other Payables | 10B | 2,472 | 1,689 |
| Dividend | 10C | 4,321 | - |
| Competitive Neutrality Payable | 10D | 4,477 | - |
| Total payables | | 34,963 | 21,759 |
| TOTAL LIABILITIES | | 141,408 | 107,697 |
| NET ASSETS | | 76,343 | 66,453 |
| EQUITY | | | |
| Contributed equity | 11A | 133,340 | 125,041 |
| Reserves | 11A | 17,256 | 13,791 |
| (Accumulated deficits) | 11A | (74,253) | (72,379) |
| Total Equity | 11A | 76,343 | 66,453 |
| Current assets | | 115,746 | 108,771 |
| Non-current assets | | 102,005 | 65,379 |
| Current liabilities | | 82,876 | 56,678 |
| Non-current liabilities | | 58,532 | 51,019 |

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERAL POLICE
STATEMENT OF CASH FLOW
for the year ended 30 June 2003

| | Notes | 2002-03 \$'000 | 2001-02 \$'000 |
|--|-------|-------------------|-------------------|
| OPERATING ACTIVITIES | | | |
| Cash received | | | |
| Sale of goods and services | | 197,353 | 103,954 |
| Appropriations | | 383,400 | 303,668 |
| GST received from ATO | | 15,901 | 12,405 |
| Interest | | 3,373 | 2,563 |
| Total cash received | | 600,027 | 422,590 |
| Cash used | | | |
| Employees | | 357,459 | 230,693 |
| Suppliers | | 160,810 | 191,730 |
| GST paid to ATO | | 5,935 | - |
| Borrowing expenses | | 7 | - |
| Total cash used | | 524,211 | 422,423 |
| Net cash from (used by) operating activities | 12 | 75,816 | 167 |
| INVESTING ACTIVITIES | | | |
| Cash received | | | |
| Proceeds from sales of property, plant and equipment | | 61 | 27 |
| Proceeds from maturity of term deposits | | 527,300 | 730,500 |
| Total cash received | | 527,361 | 730,527 |
| Cash used | | | |
| Purchase of land & buildings | | 619 | - |
| Purchase of property, plant and equipment | | 40,277 | 27,383 |
| Purchase of intangibles | | 11,183 | 7,241 |
| Purchase of term deposits | | 507,300 | 696,500 |
| Total cash used | | 559,380 | 731,124 |
| Net cash from (used by) investing activities | | (32,018) | (597) |
| FINANCING ACTIVITIES | | | |
| Cash received | | | |
| Appropriations - contributed equity | | 9,876 | 3,237 |
| Total cash received | | 9,876 | 3,237 |
| Cash used | | | |
| Capital use charge paid | | 9,909 | 4,970 |
| Repayment of capital | | - | 162 |
| Dividend paid | | 1,650 | - |
| Total cash used | | 11,559 | 5,132 |
| Net cash from (used by) financing activities | | (1,683) | (1,895) |
| Net increase (decrease) in cash held | | 42,115 | (2,325) |
| Cash at beginning of the reporting period | | 29,586 | 7,677 |
| Cash at the end of the reporting period | | 71,701 | 5,352 |

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERAL POLICE
SCHEDULE OF COMMITMENTS
as at 30 June 2003

| | 2002-03 \$'000 | 2001-02 \$'000 |
|-------------------------------------|-------------------|-------------------|
| BY TYPE | | |
| Capital Commitments | | |
| Land and buildings | 3,416 | - |
| Infrastructure, plant and equipment | 10,128 | 8,568 |
| Total capital commitments | 13,544 | 8,568 |
| Other Commitments | | |
| Operating leases ¹ | 107,257 | 118,816 |
| Other commitments | 57,444 | 16,251 |
| Total other commitments | 164,701 | 135,067 |
| Commitments Receivable | (14,158) | (14,319) |
| Net Commitments | 164,087 | 129,316 |
| BY MATURITY | | |
| Capital Commitments | | |
| One year or less | 12,312 | 8,568 |
| From one to five years | - | - |
| Over five years | - | - |
| Operating Lease Commitments | | |
| One year or less | 36,616 | 33,702 |
| From one to five years | 57,663 | 63,493 |
| Over five years | 3,878 | 13,573 |
| Other Commitments | | |
| One year or less | 36,827 | 9,980 |
| From one to five years | 16,791 | - |
| Over five years | - | - |
| Net Commitments by Maturity | 164,087 | 129,316 |

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**

as at 30 June 2003

| | 2002-03 \$'000 | 2001-02 \$'000 |
|-----------------------------------|-------------------|-------------------|
| Contingent liabilities | | |
| Claims for damages/costs | 3,310 | 3,092 |
| Contingent assets | | |
| Claims for damages/costs | - | - |
| Net contingent liabilities | 3,310 | 3,092 |

Remote contingencies are disclosed in Note 13.

Schedule of unquantifiable contingencies

As at 30 June 2003, 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 2003

| 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 | Business Operations |
| 7 | Financial Assets |
| 8 | Non-financial Assets |
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| 18 | Financial Instruments |
| 19 | Appropriations |
| 20 | Trust Monies |
| 21 | Reporting of Outcomes |

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2003

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 (or FMOs, being the *Financial Management and Accountability (Financial Statements for reporting periods ending on or after 30 June 2003) Orders*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

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 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. However, assets and liabilities arising under agreements equally proportionately unperformed are 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 unquantifiable or remote contingencies, which are reported at Note 13).

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

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.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2003

1.3 Changes in Accounting Policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2001-2002, except in respect of:

- the accounting for output appropriations (refer to Note 1.4);
- recognition of equity injections (refer to Note 1.5);
- measurement of certain employee benefits at nominal amounts (refer to Note 1.6);
- the initial revaluation of certain classes of property, plant and equipment on a fair value basis (refer to Note 1.12); and
- the imposition of an impairment test for non-current assets carried at cost (refer to Note 1.14).

1.4 Revenue

Revenues from Government

Departmental outputs appropriations for the year (less any savings offered up in Portfolio Additional Estimates Statements) are recognised as revenue, except for certain amounts which relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

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).

Other Revenue

Revenue from the sale of goods is recognised upon delivery of goods to customers.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2003

1.5 Transactions by the Government as Owner

Equity injections

From 1 July 2002, the FMOs require that amounts of appropriations designated as 'equity injections' (less any savings offered up in Portfolio Additional Estimates Statements) are recognised directly in Contributed Equity as at 1 July or later date of effect of the appropriation.

This is a change of accounting policy from 2001-02 to the extent any part of an equity injection that was dependent on specific future events occurring was not recognised until the appropriation was drawn down.

The change in policy has no financial effect in 2002-03 because the full amounts of the equity injections for 2001-02 were recognised in that year.

Restructuring of Administrative Arrangements

As a result of a restructuring of Administrative Arrangements the AFP assumed responsibility for the Australian Protective Service from the Attorney-General's on 1 July 2002. Net assets received from the Attorney-General's under this restructuring are adjusted against their book value directly against contributed equity. Financial effects are disclosed in Note 11B.

Dividends

The 1995 Memorandum of Understanding between the Department of Finance and Administration (DoFA) and APS specifies that dividend payment is based on 50% of the operating profit with recognition of the requirement to retain funds for business purposes and the overall budgetary position.

Competitive Neutrality

The Australian Protective Service is required to apply competitive neutrality provisions to its non appropriated business activities in accordance with the Competition Principles Agreement of 1995 and the Commonwealth guidelines, Competitive Neutrality Policy Statement (CNPS) 1996. The payment of competitive neutrality is based on a corporate tax and payroll tax equivalence.

Capital Use Charge

A Capital Use Charge of 11% (2002: 11%) is imposed by the Government on the departmental net assets of the AFP at year end. The net asset figure is adjusted to take into account of asset gifts and revaluation increments during the financial year. The Charge is accounted for as a dividend to Government.

In accordance with the recommendations of a review of Budget Estimates and Framework, the Government has decided that the Charge will not operate after 30 June 2003.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2003

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. In 2002-03 the AFP did not return any surplus output appropriation funding to the Official Public Account.

1.6 Employee Entitlements

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits), annual leave, sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. This is a change in accounting policy from last year required by an initial application of a new Accounting Standard AASB 1028 from 1 July 2002. As the AFP's certified agreement raises pay rates in November each year, the financial effect of this change is \$374,000 and has been recorded against Accumulated Results in accordance with AASB 1028.

All other employee benefit liabilities are measured as the present value of the estimated future cash flows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits 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 leave liabilities are calculated on the basis of employees' remuneration, including the AFP's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2002 (APS – April 2003). The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

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.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2003

Superannuation

Staff of the AFP are members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Commonwealth and is settled by the Commonwealth in due course.

The AFP makes employer contributions to the Commonwealth at rates determined by an actuary to be sufficient to meet the cost to the Commonwealth of the superannuation entitlements of the AFP's employees.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

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, which 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 is expensed in the period in which the space becomes surplus.

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.

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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 18.

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 of 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 such as firearms and leasehold improvements).

Revaluations

Basis

Land, buildings, plant and equipment are carried at valuation. Revaluations undertaken up to 30 June 2002 were done on a deprival basis; revaluations since that date at fair value. This change in accounting policy is required by Australian Accounting Standard AASB 1041 *Revaluation of Non-current Assets*.

Fair and deprival values for each class of asset are determined as shown below.

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| <i>Asset class</i> | <i>Fair value measured at:</i> | <i>Deprival value measured at:</i> |
|---------------------|--------------------------------|------------------------------------|
| Land | Market selling price | Market selling price |
| Buildings | Market selling price | Depreciated replacement cost |
| Plant and equipment | Market selling price | Depreciated replacement cost |

Under both deprival and fair value, assets which are surplus to requirements are measured at their net realisable value.

The financial effect for 2002-03 of this change in policy relates to those assets to be recognised at fair value at 30 June 2003. The financial effect of the change is given by the difference between the carrying amounts at 30 June 2002 and their fair values as at 1 July 2002. The financial effect by class is as follows:

| <i>Asset class</i> | <i>Adjustment</i> | <i>Contra Account</i> |
|---------------------|-------------------|---------------------------|
| Plant and equipment | \$218,678 CR | Asset Revaluation Reserve |

Accounting Standard AAS 6 *Accounting Policies* requires, where practicable, presentation of the information that would have been disclosed in the 2001-02 had the new accounting policy always been applied. It is impracticable to present this information.

Frequency

Land, buildings, plant and equipment are revalued progressively in successive three-year cycles. All current cycles commenced on 1 July 2000.

Leasehold land and buildings on leasehold land are each revalued progressively.

Plant and equipment are being revalued by type of asset.

Assets in each class acquired after the commencement of a progressive cycle are not captured by the progressive revaluation then in progress.

Conduct

All valuations are conducted by an independent qualified valuer.

Depreciation and Amortisation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives using, in all cases, the straight line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

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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>2002-03</u> | <u>2001-02</u> |
|------------------------|----------------|----------------|
| Buildings | 25 years | 25 years |
| Plant and equipment | 3 to 10 years | 3 to 10 years |
| Leasehold improvements | max. 10 years | max. 10 years |
| Intangibles | 3 to 5 years | 3 to 5 years |

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4C.

Recoverable Amount Test

From 1 July 2002, the Schedule 1 no longer requires the application of the recoverable amount test in Australian Accounting Standard AAS 10 *Recoverable Amount of Non-Current Assets* to the assets of agencies when the primary purpose of the asset is not the generation of cash flows.

No property, plant and equipment assets have been written down to recoverable amount per AAS 10. Accordingly, the change in policy has had no financial effect.

1.13 Inventories

Consumable stores and supplies are immaterial and have not been capitalised except those held by Australian Protection Service (APS). In the case of APS, inventories are valued using a weighted average basis.

1.14 Intangibles

The AFP's intangibles comprise internally-developed and externally-acquired software. These assets are carried at cost.

From 1 July 2002, Schedule 1 no longer requires the application of the recoverable amount test in Australian Accounting Standard AAS10 *Recoverable Amount of Non-Current Assets* to the assets of agencies when the primary purpose of the asset is not the generation of net cash inflows.

However, Schedule 1 now requires such assets, if carried on the cost basis, to be assessed for indications of impairment. The carrying amount of impaired assets must be written down to the higher of its net market selling price or depreciated replacement cost.

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All software assets were assessed for impairment as at 1 July 2002. None were found to be impaired.

Intangible assets are amortised on a straight line basis over their anticipated useful lives.

Useful lives are:

| | <u>2003</u> | <u>2002</u> |
|---------------------------------|-------------|-------------|
| • Internally developed software | 5 years | 5 years |
| • Externally acquired software | 3-5 years | 5 years |

1.15 Taxation

The AFP, except for the Australian Protective Service business operation, is exempt from all forms of taxation except fringe benefits tax and the goods and services tax. From 1 July 1999 the APS applies a tax equivalence regime in accordance with the Commonwealth's Competitive Neutrality Policy Statement issued in June 1996. Fringe benefits tax and amounts in lieu of applicable indirect taxes and income tax are accounted for and included in the determination of APS' operating profit.

Revenues and expenses are recognised net of GST:

- except where the amount of GST is not recoverable from the Australian Taxation Office.
- except for receivables and payables.

1.16 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.

1.17 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.

Note 2 Events Occurring after Balance Date

No significant subsequent events have occurred since the reporting date requiring disclosure in the financial statements.

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| | <u>2002-03</u> | <u>2001-02</u> |
|--|----------------|----------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Note 3: Operating Revenues | | |
| <u>Note 3A: Revenues from Government</u> | | |
| Appropriations for outputs | 383,400 | 303,669 |
| Resources received free of charge | 298 | 121 |
| Total revenues from government | 383,698 | 303,790 |
| <u>Note 3B: Goods and Services</u> | | |
| Goods | 37 | 19 |
| Services | 196,191 | 102,192 |
| Total sales of goods and services | 196,228 | 102,211 |
| Provision of goods to: | | |
| Related entities | 26 | - |
| External entities | 11 | 19 |
| Total sales of goods | 37 | 19 |
| Rendering of services to: | | |
| Related entities | 82,363 | 23,310 |
| External entities | 113,828 | 78,882 |
| Total rendering of services | 196,191 | 102,192 |
| <u>Note 3C: Interest Revenue</u> | | |
| Interest on deposits | 3,379 | 2,563 |
| <u>Note 3D: Net Gains from Disposal of Assets</u> | | |
| Infrastructure, Plant and Equipment | | |
| Proceeds from sale | 61 | 27 |
| Net book value at sale | (40) | (7) |
| Write-offs | - | - |
| Net gain from disposal of infrastructure, plant and equipment | 21 | 20 |
| TOTAL proceeds from disposals | 61 | 27 |
| TOTAL value of assets disposed | (40) | (7) |
| TOTAL net gain from disposal of assets | 21 | 20 |
| <u>Note 3E: Reversals of Previous Asset Write-downs</u> | | |
| Financial assets | | |
| Doubtful debt received - receivables | 14 | - |

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| | 2002-03 \$'000 | 2001-02 \$'000 |
|--|-------------------|-------------------|
| Note 4: Operating Expenses | | |
| <u>Note 4A: Employee Expenses</u> | | |
| Wages and salaries | 274,093 | 174,860 |
| Superannuation | 35,641 | 20,667 |
| Leave and other entitlements | 39,324 | 31,047 |
| Separation and redundancies | 1,246 | 365 |
| Other employee expenses | 2,363 | - |
| Total employment benefits expense | 352,667 | 226,939 |
| Workers compensation premiums | 10,191 | 4,746 |
| Total employee expenses | 362,858 | 231,685 |
| <u>Note 4B: Suppliers Expenses</u> | | |
| Goods from related entities | 3,269 | 3,311 |
| Goods from external entities | 16,461 | 12,764 |
| Services from related entities | 22,138 | 17,271 |
| Services from external entities | 100,920 | 66,563 |
| Operating lease rentals * | 41,604 | 30,099 |
| Other | 4,793 | 5,883 |
| Total supplier expenses | 189,185 | 135,891 |

* These comprise minimum lease payments only

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| | 2002-03 \$'000 | 2001-02 \$'000 |
|---|-------------------|-------------------|
| Note 4: Operating Expenses (cont.) | | |
| <u>Note 4C: Depreciation and Amortisation</u> | | |
| <i>Depreciation</i> | | |
| Other infrastructure, plant and equipment | 21,205 | 7,930 |
| Buildings | 74 | 2 |
| Total Depreciation | 21,279 | 7,932 |
| <i>Amortisation</i> | | |
| Intangibles - Computer software | 3,082 | 6,469 |
| Total depreciation and amortisation | 24,361 | 14,401 |

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 | 64 | 2 |
| Buildings on freehold land | 10 | - |
| Plant and equipment | 13,769 | 7,930 |
| Leasehold improvements | 7,436 | 4,065 |
| Intangibles - Computer software | 3,082 | 2,404 |
| Total depreciation and amortisation | 24,361 | 14,401 |

No depreciation or amortisation was allocated to the carrying amounts of other assets.

Note 4D: Write down of assets

| | | |
|---|------------|--------------|
| Financial assets | | |
| Bad and doubtful debts expense | 170 | 12 |
| Non-financial assets | | |
| Plant & equipment - write down | - | 3,961 |
| Plant & equipment - write-off on disposal | 548 | 1,048 |
| Intangibles - write-off on disposal | - | 305 |
| Provision for obsolete inventories | 118 | - |
| Total write-down of assets | 836 | 5,326 |

Note 4E: Competitive neutrality costs

| | | |
|--|--------------|----------|
| Payroll tax equivalence | 3,207 | - |
| Corporate tax equivalence | 2,489 | - |
| | 5,696 | - |
| Corporate tax equivalence - Prior year adjustment* | 1,214 | - |
| Total competitive neutrality costs | 6,910 | - |

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

| | 2002-03 \$'000 | 2001-02 \$'000 |
|--|-------------------|-------------------|
| Note 5: Borrowing Expenses | | |
| Credit Card late penalty | 7 | - |
| Note 6: Business Operations | | |
| The Australian Protective Service operates as an operating division of the AFP and provides some services on a full cost recovery basis. | | |
| This business is solely Output 1.4. The revenues and expenses of this output are disclosed at Note 21B. | | |
| The Australian Protective Service prepares its own set of financial statements as required by the Finance Minister's Orders which are issued under the <i>Financial Management and Accountability Act 1997</i> . | | |
| Note 7: Financial Assets | | |
| Note 7A: Cash | | |
| Cash at bank and on hand | 71,701 | 5,352 |
| Total cash | 71,701 | 5,352 |
| Note 7B: Receivables | | |
| Goods and services | 23,504 | 2,701 |
| Less: Provision for doubtful debts | (229) | (24) |
| | 23,275 | 2,677 |
| GST receivable from the Australian Taxation Office | 1,893 | 2,313 |
| Total receivables (net) | 25,168 | 4,990 |
| All receivables are current assets | | |
| Receivables (gross) are aged as follows: | | |
| Not Overdue | 23,688 | 4,503 |
| Overdue by: | | |
| Less than 30 days | 918 | 78 |
| 30 to 60 days | 188 | 97 |
| 60 to 90 days | 130 | 284 |
| More than 90 days | 473 | 52 |
| | 1,709 | 511 |
| Total receivables (gross) | 25,397 | 5,014 |
| The provision for doubtful debts is aged as follows: | | |
| Not Overdue | - | - |
| Overdue by: | | |
| Less than 30 days | 1 | - |
| 30 to 60 days | 7 | - |
| 60 to 90 days | 13 | - |
| More than 90 days | 208 | 24 |
| Total provision for doubtful debts | 229 | 24 |
| Note 7C: Other Receivables | | |
| Accrued Income | 35 | 26 |
| Other Debtors | 7,835 | 15,215 |
| Total other receivables | 7,870 | 15,241 |
| Other receivables are represented by: | | |
| Current | 7,608 | 10,191 |
| Non-current | 262 | 5,050 |
| | 7,870 | 15,241 |
| 7D: Investments | | |
| Term deposits (current) | - | 20,000 |

AUSTRALIAN FEDERAL POLICE
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for the year ended 30 June 2003

| | 2002-03 \$'000 | 2001-02 \$'000 |
|---|-------------------|-------------------|
| Note 8: Non-financial assets | | |
| Note 8A - Land and Buildings | | |
| Freehold land | | |
| - at June 2001 valuation (deprival) | 102 | - |
| Total freehold land | 102 | - |
| Buildings on freehold land | | |
| - at June 2001 valuation (deprival) | 380 | - |
| - Accumulated depreciation | (123) | - |
| Total buildings on freehold land | 257 | - |
| Leasehold land | | |
| - at 2000-2001 valuation (deprival) | 20 | 20 |
| - at 2003 valuation (fair value) | 100 | - |
| Total leasehold land | 120 | 20 |
| Buildings on leasehold land | | |
| - at 2000-01 valuation (deprival) | 45 | 45 |
| - at 2003 valuation (fair value) | 2,214 | - |
| - Accumulated amortisation | (68) | (2) |
| Total buildings on leasehold land | 2,191 | 43 |
| Total Land and Buildings | 2,670 | 63 |
| Note 8B: Infrastructure, Plant and Equipment | | |
| Plant and equipment | | |
| - at cost | 55,509 | 25,608 |
| - Accumulated depreciation | (17,073) | (3,407) |
| | 38,436 | 22,201 |
| Plant and equipment | | |
| - at 2000-02 valuation | 78,003 | 72,316 |
| - at June 2001 valuation (deprival) | 4,385 | - |
| - at 2003 valuation (fair value) | 4,760 | - |
| - Accumulated depreciation | (44,608) | (37,456) |
| | 42,540 | 34,860 |
| Total Infrastructure, Plant and Equipment (non-current) | 80,976 | 57,061 |
| The revaluations were in accordance with the revaluation policy stated at Note 1 and were completed by the Australian Valuation Office. Revaluation increment of \$2,577,488 for plant and equipment (2001-02 increment: \$507,354) was made to the asset revaluation reserve; no decrements for plant and equipment were expensed in 2002-03 (2001-02 decrement: Nil). | | |
| Note 8C: Intangibles | | |
| Computer software: | | |
| - Purchased (including modification costs) | 7,614 | 2,433 |
| - Accumulated amortisation | (3,524) | (1,687) |
| | 4,090 | 746 |
| - Internally developed | 20,155 | 11,952 |
| - Accumulated amortisation | (6,150) | (4,443) |
| | 14,005 | 7,509 |
| Total Intangibles | 18,095 | 8,255 |
| Computer software is recorded at cost. Internally developed software and modifications to purchased software includes related employee expenses and administrative expenses. | | |

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Note 8D: Analysis of Property, Plant, Equipment and Intangibles

TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

| Item | Land | Buildings on Land | Total Land & Buildings | Plant & Equipment | Computer software - Total intangibles | TOTAL |
|---|--------|-------------------|------------------------|-------------------|---------------------------------------|----------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| As at 1 July 2002 | | | | | | |
| Gross book value | 20 | 45 | 65 | 97,924 | 14,386 | 112,375 |
| Accumulated depreciation/amortisation | n/a | (2) | (2) | (40,863) | (6,131) | (46,996) |
| Net book value | 20 | 43 | 63 | 57,061 | 8,255 | 65,379 |
| Additions by purchase | 100 | 519 | 619 | 44,551 | 11,161 | 56,332 |
| from restructure | 102 | 380 | 482 | 5,427 | 2,197 | 8,106 |
| Net revaluation increment/(decrement) | - | 654 | 654 | (139) | - | 515 |
| Depreciation/amortisation expense | - | (74) | (74) | (21,206) | (3,082) | (24,361) |
| Adjustments | - | - | - | 9 | (2,777) | (2,768) |
| Transfers | - | 1,041 | 1,041 | (1,076) | 2,802 | 2,767 |
| Write-downs | - | - | - | - | - | - |
| Adjustments (Depreciation/amortisation) | - | - | - | (1,902) | - | (1,902) |
| Revaluation adjustment (deprec/amort) | - | - | - | 2,063 | - | 2,063 |
| Transfers (Depreciation/amortisation) | - | (3) | (3) | - | 5 | 2 |
| Write-downs (Depreciation/amortisation) | - | - | - | - | - | - |
| Restructure (Depreciation/amortisation) | n/a | (113) | (113) | (3,222) | (466) | (3,802) |
| Disposals | - | - | - | - | - | - |
| Write-offs | - | - | - | (3,914) | - | (3,914) |
| Disposals | - | - | - | (124) | - | (124) |
| Write-offs (Depreciation/amortisation) | - | - | - | 3,389 | - | 3,389 |
| Disposals (Depreciation/amortisation) | - | - | - | 61 | - | 61 |
| As at 30 June 2003 | | | | | | |
| Gross book value | 222 | 2,640 | 2,862 | 142,657 | 27,770 | 173,288 |
| Accumulated depreciation/amortisation | - | (192) | (192) | (61,681) | (9,674) | (71,547) |
| Net book value | 222 | 2,448 | 2,670 | 80,976 | 18,095 | 101,741 |

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Note 8D: Analysis of Property, Plant, Equipment and Intangibles (cont)

TABLE B - Assets at valuation

| Item | Leasehold Land | Buildings on Leasehold Land | Total Land & Buildings | Plant & Equipment | Computer Software - Total Intangibles | TOTAL |
|---------------------------------------|----------------|-----------------------------|------------------------|-------------------|---------------------------------------|----------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| As at 30 June 2003 | | | | | | |
| Gross value | 222 | 2,639 | 2,861 | 87,148 | - | 90,009 |
| Accumulated depreciation/amortisation | n/a | (189) | (189) | (44,608) | - | (44,797) |
| Net Book Value | 222 | 2,450 | 2,672 | 42,540 | - | 45,212 |
| 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 |

2002-03
\$'000

2001-02
\$'000

Note 8E: Other Non-financial Assets

| | | |
|------------------------------------|--------|--------|
| Prepayments | 11,196 | 63,188 |
| Other | - | - |
| Inventories | 81 | - |
| Inventories not held for resale | (6) | - |
| Less: Provision for obsolete stock | 11,271 | 63,188 |
| Total other non-financial assets | | |

All other non-financial assets are current assets

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| | 2002-03 \$'000 | 2001-02 \$'000 |
|--|-------------------|-------------------|
| Note 9: Provisions | | |
| Note 9A: Capital Use Charge Provision | | |
| Capital Use Charge | - | - |
| Balance owing 1 July | - | - |
| Capital Use Charge provided for during the period | 9,909 | 5,625 |
| Capital Use Charge paid | (9,909) | (5,625) |
| Balance owing 30 June | - | - |
| Note 9B: Employee Provisions | | |
| Salaries and wages | 9,580 | 6,966 |
| Leave | 81,215 | 62,565 |
| Superannuation | 1,116 | - |
| Separations and redundancies | 118 | - |
| Other | 5,680 | 7,541 |
| Aggregate employee entitlement liability | 97,709 | 77,072 |
| Workers' compensation | 184 | - |
| Aggregate employee entitlement liability and related on-costs | 97,893 | 77,072 |
| Current | 48,229 | 35,408 |
| Non-current | 49,664 | 41,664 |
| Note 9C: Other Provision | | |
| Provision for Restoration of Leased Properties | 8,552 | 8,866 |
| | 8,552 | 8,866 |
| Total other provisions | 8,552 | 8,866 |
| All other provisions are non-current. | | |
| Note 10: Payables | | |
| Note 10A - Supplier Payables | | |
| Trade creditors | 22,871 | 19,350 |
| Operating lease rentals | 249 | - |
| Other creditors | 573 | 720 |
| Total supplier payables | 23,693 | 20,070 |
| Supplier payables are represented by: | | |
| Current | 23,378 | 19,582 |
| Non-current | 315 | 488 |
| | 23,693 | 20,070 |
| Note 10B - Other Payables | | |
| Unearned income | 1,721 | 1,689 |
| Other | 751 | - |
| Total other payables | 2,472 | 1,689 |
| All other payables are current liabilities | | |
| Note 10C: Dividend Payable | | |
| Dividend | 4,321 | - |
| Balance owing 1 July | 1,650 | - |
| Dividend provided for during the period | 2,903 | - |
| Dividend - prior year adjustment * | 1,417 | - |
| Dividend paid to DoFA | (1,650) | - |
| Balance owing 30 June | 4,321 | - |
| The dividend payable is a current liability | | |
| Note 10D: Competitive Neutrality Payable | | |
| Competitive Neutrality Provision | 4,477 | - |
| Payroll and Corporate Tax equivalent | | |
| Balance owing 1 July | 1,260 | - |
| Payroll and Corporate Tax equivalent provided for during the period | 5,695 | - |
| Payroll and Corporate Tax equivalent - prior year adjustment * | 1,215 | - |
| Payroll and Corporate Tax paid to DoFA | (3,693) | - |
| Balance owing 30 June | 4,477 | - |
| The competitive neutrality payable is a current liability | | |

* Prior adjustments are a direct result of the revision of the cost attribution model that allocates cost between appropriation funded activity and commercial activity.

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for the year ended 30 June 2003

Note 11: Equity

Note 11A: Analysis of Equity

| | Accumulated Results | | Asset Revaluation Reserves | | Other Reserves | | Total Reserves | | Contributed Equity | | TOTAL EQUITY | |
|---|---------------------|-------------------|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| | 2002-03 \$'000 | 2001-02 \$'000 | 2002-03 \$'000 | 2001-02 \$'000 | 2002-03 \$'000 | 2001-02 \$'000 | 2002-03 \$'000 | 2001-02 \$'000 | 2002-03 \$'000 | 2001-02 \$'000 | 2002-03 \$'000 | 2001-02 \$'000 |
| Opening balance as at 1 July | (72,379) | (88,035) | 13,791 | 13,284 | - | - | 13,791 | 13,284 | 125,041 | 111,966 | 66,453 | 37,215 |
| Net surplus/deficit | (604) | 21,281 | - | - | - | - | - | - | - | - | (604) | 21,281 |
| Net revaluation increment/(decrement) | - | - | 2,577 | 507 | - | - | 2,577 | 507 | - | - | 2,577 | 507 |
| Decrease in accumulated results on application of nominal amounts expected to be settled within 12 months of reporting date under AASB 1028 | | | | | | | | | | | | |
| <i>Employee Benefits</i> | (374) | - | - | - | - | - | - | - | - | - | (374) | - |
| Transactions with owner: | | | | | | | | | | | | |
| Distributions to owner | | | | | | | | | | | | |
| Returns on Capital | | | | | | | | | | | | |
| Dividend - prior year adjustment | (1,417) | | | | | | | | | | (1,417) | |
| Dividends | (2,903) | - | - | - | - | - | - | - | - | - | (2,903) | - |
| Capital Use Charge | (9,909) | (5,625) | - | - | - | - | - | - | - | - | (9,909) | (5,625) |
| Returns of Capital | | | | | | | | | | | | |
| Restructuring | - | - | - | - | - | - | - | - | - | - | - | - |
| Returns of contributed equity | - | - | - | - | - | - | - | - | (449) | (162) | (449) | (162) |
| Contributions by owner: | | | | | | | | | | | | |
| Appropriations (equity injections) | - | - | - | - | - | - | - | - | 4,876 | 13,237 | 4,876 | 13,237 |
| Restructuring | 13,334 | - | 888 | - | - | - | 888 | - | 3,872 | - | 18,094 | - |
| Transfers | | | | | | | | | | | | |
| Closing balance as at 30 June | (74,253) | (72,379) | 17,256 | 13,791 | - | - | 17,256 | 13,791 | 133,340 | 125,041 | 76,343 | 66,453 |
| <i>Less : outside equity interests</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> |
| Total equity attributable to the Commonwealth | (74,253) | (72,379) | 17,256 | 13,791 | - | - | 17,256 | 13,791 | 133,340 | 125,041 | 76,343 | 66,453 |

2002-03
\$'000

2001-02
\$'000

Note 11B: Restructuring

As a result of a restructuring of administrative arrangements, the AFP assumed responsibility for the Australian Protective Service on 1 July 2002 from Attorney-General's Department.

In respect of functions assumed, the net book values of assets and liabilities transferred to the AFP for no consideration and recognised as at the date of the transfer were:

| | | |
|--|---------------|----------|
| Total assets recognised | 44,595 | - |
| Total liabilities recognised | (26,503) | - |
| Net contribution by Government as owner during the year | 18,092 | - |

As the operations of Australian Protective Service were transferred to the AFP on 1 July 2002 no revenues or expenses were transferred.

AUSTRALIAN FEDERAL POLICE
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for the year ended 30 June 2003

| | 2002-03 \$'000 | 2001-02 \$'000 |
|--|-------------------|-------------------|
| Note 12: 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 | 71,701 | 5,352 |
| Statement of Financial Position items comprising above cash: 'Financial Asset - Cash' | 71,701 | 5,352 |
| Reconciliation of net surplus to net cash provided from operating activities: | | |
| Net surplus/(deficit) | (604) | 21,281 |
| Adjustment in carry forward balance | - | (13) |
| Resources received free of charge | - | - |
| Depreciation/amortisation | 24,361 | 14,401 |
| Net write down of non-financial assets | 549 | 5,326 |
| Asset recognition | (2,349) | - |
| Gain on disposal of assets | (46) | (20) |
| Loss on disposal of assets | 24 | - |
| (Increase)/decrease in inventories | 131 | - |
| Provision for doubtful debts | 45 | (10) |
| (Increase)/decrease in net receivables | (2,550) | 1,743 |
| (Increase)/decrease in prepayments | 52,091 | (54,906) |
| Increase/(decrease) in employee liabilities | 5,399 | 991 |
| Increase/(decrease) in other provisions | (313) | 3,512 |
| Increase/(decrease) in supplier payables | (4,132) | 7,851 |
| Increase/(decrease) in other liabilities | 3,210 | 11 |
| Net cash from (used by) operating activities | 75,816 | 167 |

Note 13: 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
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

| | 2002-03 Number | 2001-02 Number |
|---|-------------------|-------------------|
| Note 14: Executive Remuneration | | |
| The number of Executives who received or were due to receive total remuneration of \$100,000 or more: | | |
| \$100,001 to \$110,000 | 2 | - |
| \$110,001 to \$120,000 | 3 | - |
| \$120,001 to \$130,000 | - | 2 |
| \$130,001 to \$140,000 | - | - |
| \$140,001 to \$150,000 | 4 | 4 |
| \$150,001 to \$160,000 | 6 | 4 |
| \$160,001 to \$170,000 | 11 | 7 |
| \$170,001 to \$180,000 | 5 | 4 |
| \$180,001 to \$190,000 | 5 | 4 |
| \$190,001 to \$200,000 | 5 | 2 |
| \$200,001 to \$210,000 | 2 | - |
| \$210,001 to \$220,000 | 1 | 1 |
| \$220,001 to \$230,000 | 1 | 2 |
| \$240,001 to \$250,000 | 1 | - |
| \$260,001 to \$270,000 | - | 1 |
| \$280,001 to \$290,000 | - | 1 |
| \$330,001 to \$340,000 | 1 | - |
| The aggregate amount of total remuneration of executives shown above. | \$8,113,535 | \$5,449,760 |
| The aggregate amount of separation and redundancy payments during the year to executives shown above. | \$280,946 | \$64,167 |
| Note 15: 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: | \$297,500 | \$121,000 |
| Additional services provided and charged by by the Auditor-General: | \$83,000 | \$133,400 |
| | Number | Number |
| Note 16: Average Staffing Levels | | |
| The average staffing levels for the Agency during the year were: | 4,505 | 2,913 |
| Note 17: Act of Grace Payments and Waivers and Defective Administration Scheme | | |
| | \$ | \$ |
| No 'Act of Grace' payments were made during the reporting period, and there are no amounts owing as at year end. | - | - |
| No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997. | - | - |
| No payments were made under the Defective Administration Scheme during the reporting period. (2002: One payment made) | - | 4,500 |

AUSTRALIAN FEDERAL POLICE
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for the year ended 30 June 2003

18A: Terms, Conditions and Accounting Policies (cont.)

| 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) |
|------------------------------|-------|--|--|
| FINANCIAL LIABILITIES | | | |
| Capital Use Charge payable | 9A | Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured. This payable is recognised as the amount outstanding on the estimated amount to be paid in accordance with the calculations outlined by the Department of Finance and Administration. | The final amount payable for the year will be 11% (2002: 11%) of the closing balance of Equity less movements in the Asset Revaluation Reserve and any capital injections, less any amount settled before 30 June. |
| Trade Creditors | 10A | 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. |
| Dividend payable | 10C | The dividend payable is recognised as the amount outstanding on the estimated amount to be paid in accordance with the Department of Finance and Administration. | The final amount payable for the year will be 50% (2002:50%) of the net surplus for cost recovery operation (i.e. excluding appropriation programs). |
| Competitive neutrality | 10D | This payable is recognised as the amount outstanding on the estimated amount to be paid in accordance with the Competitive Neutrality policy. | The calculation is based upon the Commonwealth Competitive Neutrality Guidelines for Managers 1998. |

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 18: Financial Instruments (cont.)

Note 18B: Net Fair Values of Financial Assets and Liabilities

| Financial Instrument | Notes | Floating Interest Rate | | Fixed Interest Rate Maturing in | | | | | | | | Non-Interest Bearing | | Total | | Weighted Average Effective Interest Rate | |
|--|---------|------------------------|--------------|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------------|--------------|---------|---------|--|-----|
| | | | | 1 year or less | | 1 to 2 years | | 2 to 5 years | | > 5 years | | | | | | | |
| | | 02-03 \$'000 | 01-02 \$'000 | 02-03 \$'000 | 01-02 \$'000 | 02-03 \$'000 | 01-02 \$'000 | 02-03 \$'000 | 01-02 \$'000 | 02-03 \$'000 | 01-02 \$'000 | 02-03 \$'000 | 01-02 \$'000 | 02-03 % | 01-02 % | | |
| Financial Assets | | | | | | | | | | | | | | | | | |
| Cash at bank | 7A | 71,701 | - | - | - | - | - | - | - | - | - | - | - | 71,701 | 5,352 | 2.0 | 2.0 |
| Receivables for goods and services (gross) | 7B | - | - | - | - | - | - | - | - | - | - | - | 25,397 | 5,014 | 25,397 | 5,014 | n/a |
| Other | 7C | - | - | - | - | - | - | - | - | - | - | - | 7,870 | 15,241 | 7,870 | 15,241 | n/a |
| Term deposits | 7D | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 20,000 | 4.5 |
| Total | | 71,701 | - | - | - | - | - | - | - | - | - | - | 33,267 | 20,255 | 104,968 | 45,607 | |
| Total Assets | | | | | | | | | | | | | | 217,751 | 174,150 | | |
| | | | | | | | | | | | | | | | | | |
| Financial Liabilities | | | | | | | | | | | | | | | | | |
| Lease restorations | 9C | - | - | - | - | - | - | - | - | - | - | - | 8,552 | 8,866 | 8,552 | 8,866 | n/a |
| Lease incentives | 10A | - | - | - | - | - | - | - | - | - | - | - | 488 | 661 | 488 | 661 | n/a |
| Trade creditors | 10A | - | - | - | - | - | - | - | - | - | - | - | 22,932 | 19,350 | 22,932 | 19,350 | n/a |
| Other | 10A,10B | - | - | - | - | - | - | - | - | - | - | - | 2,557 | 1,748 | 2,557 | 1,748 | n/a |
| Dividend payable | 10C | - | - | - | - | - | - | - | - | - | - | - | 4,321 | - | 4,321 | - | n/a |
| Competitive neutrality payable | 10D | - | - | - | - | - | - | - | - | - | - | - | 4,477 | - | 4,477 | - | n/a |
| Total | | - | - | - | - | - | - | - | - | - | - | - | 43,327 | 30,625 | 43,327 | 30,625 | n/a |
| Total Liabilities | | | | | | | | | | | | | | | 141,408 | 107,697 | |

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for the year ended 30 June 2003

Note 18: Financial Instruments (cont.)

Note 18C: Net Fair Values of Financial Assets and Liabilities

| | Notes | 2002-03 | | 2001-02 | |
|---|-------|-----------------------|--------------------------|-----------------------|--------------------------|
| | | Total carrying amount | Aggregate net fair value | Total carrying amount | Aggregate net fair value |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Departmental | | | | | |
| Financial Assets | | | | | |
| Cash at bank | 7A | 71,701 | 71,701 | 5,352 | 5,352 |
| Receivables for goods and services (net) | 7B | 25,168 | 25,168 | 4,990 | 4,990 |
| Other | 7C | 7,870 | 7,870 | 15,241 | 15,241 |
| Term deposits | 7D | - | - | 20,000 | 20,000 |
| Total Financial Assets | | 104,739 | 104,739 | 45,583 | 45,583 |
| Financial Liabilities (Recognised) | | | | | |
| Lease restorations | 9C | 8,552 | 8,552 | 8,866 | 8,866 |
| Lease incentives | 10A | 488 | 488 | 678 | 678 |
| Trade creditors | 10A | 22,932 | 22,932 | 19,360 | 19,360 |
| Other | 10A | 2,557 | 2,557 | 1,731 | 1,731 |
| Dividend payable | 10B | 4,321 | 4,321 | - | - |
| Competitive neutrality payable | 10D | 4,477 | 4,477 | - | - |
| Total Financial Liabilities (Recognised) | | 43,327 | 43,327 | 30,635 | 30,635 |

Financial Assets

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 18: Financial Instruments (cont.)

Note 18D: 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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for the year ended 30 June 2003

Note 19: Appropriations

Note 19A: Cash Basis Acquittal of Appropriations from Acts 1 and 3

| Particulars | Departmental Outputs |
|---|-------------------------|
| Year ended 30 June 2003 | \$ |
| Balance carried forward from previous year | (10,729,295) |
| Adjustment to opening balance ¹ | 20,000,000 |
| Balance carried forward from APS | 7,495,000 |
| Appropriation for reporting period (Act 1) | 377,500,000 |
| Appropriation for reporting period (Act 3) | 8,456,000 |
| Adjustments determined by the Finance Minister (FMA s32) | (2,556,000) |
| Amounts from Advance to the Finance Minister | - |
| Refunds credited (FMA s30) | - |
| GST credits (FMA s30A) | 15,698,490 |
| Annotations to 'net appropriations' (FMA s31) | 108,277,515 |
| Available for payments | 524,141,710 |
| Payments made | 487,529,867 |
| Balance carried forward to next year | 36,611,843 |
| <i>Represented by:</i> | |
| Cash | 34,718,595 |
| Add: Appropriations receivable | - |
| Add: Receivables - Goods and Services - GST receivable from customers | 1,893,248 |
| Add: Return of contributed equity | - |
| Less: Other payables - Net GST payable to ATO | - |
| Less: Payable - Suppliers - GST portion | - |
| Total | 36,611,843 |
| Year ended 30 June 2002 | |
| Balance carried forward from previous year | 383,511 |
| Total annual appropriation | 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 | - |
| Adjustments and annotations to appropriations | - |
| Refunds credited (FMA s30) | - |
| GST credits (FMA s30A) | 11,003,556 |
| Annotations to 'net appropriations' (FMA s31) | 97,199,000 |
| Available for payments | 412,255,067 |
| Payments made | 422,984,362 |
| Balance carried forward to next year | (10,729,295) |
| <i>Represented by:</i> | |
| Cash | (10,729,295) |
| Add: Appropriations receivable | - |
| Add: Receivables - Goods and Services - GST receivable from customers | - |
| Add: Return of contributed equity | - |
| Less: Other payables - Net GST payable to ATO | - |
| Less: Payable - Suppliers - GST portion | - |
| Total | (10,729,295) |

¹ An adjustment has been made to the opening balance due to the inadvertent exclusion of Investments at 30 June 2002.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 19: Appropriations

Note 19B: Cash Basis Acquittal of Appropriations from Acts 2 and 4

| Particulars | Capital | | | Total |
|--|-------------------|----------|-------------|-------------------|
| | Equity | Loans | Carry-overs | |
| Year ended 30 June 2003 | \$ | \$ | \$ | \$ |
| Balance carried from previous year | 16,080,806 | | | 16,080,806 |
| Adjustment to opening balance ¹ | 11,838,000 | | | 11,838,000 |
| Appropriation for reporting year (Act 2) | 4,876,000 | | | 4,876,000 |
| Appropriation for reporting period (Act 4) | - | | | - |
| Adjustments determined by the Finance Minister | - | | | - |
| Amounts from Advance to the Finance Minister | - | | | - |
| Refunds credited (FMA s30) | - | | | - |
| GST credits (FMA s30A) | - | | | - |
| Other annotations | 105,520 | | | 105,520 |
| Transfer to/from other agencies | (449,000) | | | (449,000) |
| Available for payments | 32,451,326 | - | - | 32,451,326 |
| Payments made | 3,600,726 | | | 3,600,726 |
| Balance carried to next year | 28,850,600 | - | - | 28,850,600 |
| <i>Represented by:</i> | | | | |
| Cash | 22,461,600 | | | 22,461,600 |
| Appropriation receivable | 5,000,000 | | | 5,000,000 |
| Total | 17,461,600 | - | - | 17,461,600 |
| 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 | - | | | - |
| Refunds credited (FMA s30) | - | | | - |
| GST credits (FMA s30A) | 1,401,806 | | | 1,401,806 |
| Other annotations | 1,838,000 | | | 1,837,999 |
| Transfer to/from other agencies (FMA s32) | | | | |
| Available for payments | 23,769,806 | - | - | 23,769,805 |
| Payments made | 7,689,000 | | | 7,689,000 |
| Balance carried to next year | 16,080,806 | - | - | 16,080,805 |
| <i>Represented by:</i> | | | | |
| Cash | 4,242,806 | - | - | 4,242,806 |
| Appropriation receivable | 10,000,000 | | | 10,000,000 |
| Receivable from Department of Finance and Administration | 1,838,000 | - | - | 1,838,000 |
| Total | 16,080,806 | - | - | 16,080,806 |

¹ An adjustment has been made to the opening balance due to the inadvertent exclusion of Appropriation Receivable (\$10M) and Amount Receivable from DoFA (\$1.838M) at 30 June 2002.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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| | 2,003 \$ | 2,002 \$ |
|---|-------------------------|-----------------------|
| Note 20A: Special Accounts | | |
| Other Trust Monies Account - Australian Federal Police | | |
| <i>Legal Authority:</i> Section 20 of the <i>Financial Management and Accountability Act 1997</i> | | |
| <i>Purpose:</i> for the receipt of moneys temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth. | | |
| Balance carried from previous year | 388,884 | 237,810 |
| Add: Adjustment to opening balance | 26 | - |
| Add: Receipts during the year | <u>3,081,563</u> | <u>420,996</u> |
| | 3,470,473 | 658,806 |
| Less: Payments made during the year | <u>2,236,036</u> | <u>269,922</u> |
| Balance carried forward to next year | <u><u>1,234,437</u></u> | <u><u>388,884</u></u> |
| <i>Represented by:</i> | | |
| Cash at bank | <u><u>1,234,437</u></u> | <u><u>388,884</u></u> |
| Receivers Trust Monies Account - Australian Federal Police | | |
| <i>Legal Authority:</i> Section 20 of the <i>Financial Management and Accountability Act 1997</i> | | |
| <i>Purpose</i> - payment of moneys in connection with services performed on behalf of other governments and non-agency bodies. | | |
| Balance carried from previous year | 5,695 | 16,077 |
| Add: Receipts during the year | <u>298,384</u> | <u>185,054</u> |
| | 304,079 | 201,131 |
| Less: Payments made during the year | <u>292,781</u> | <u>195,435</u> |
| Balance carried forward to next year | <u><u>11,298</u></u> | <u><u>5,695</u></u> |
| <i>Represented by:</i> | | |
| Cash at bank | <u><u>11,298</u></u> | <u><u>5,695</u></u> |

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

| | 2003 \$ | 2,002 \$ |
|---|-------------------------|-------------------------|
| Note 20B: Trust Monies | | |
| Comcare Trust Account | | |
| <i>Purpose:</i> Monies advanced to the AFP by Comcare and held in trust for the purpose of compensation payments made in accordance with the <i>Safety Rehabilitation and Compensation ACT 1998</i> . | | |
| Balance carried from previous year | 244,498 | 137,695 |
| Add: Receipts during the year | <u>3,331,288</u> | <u>2,562,528</u> |
| | 3,575,786 | 2,700,223 |
| Less: Payments made during the year | <u>3,172,817</u> | <u>2,455,725</u> |
| Balance carried forward to next year | <u><u>402,969</u></u> | <u><u>244,498</u></u> |
| Salary Packaging Trust Account | | |
| <i>Purpose:</i> For the collection and payment of AFP employees' salary packaging arrangements. | | |
| Balance carried from previous year | 1,759,012 | 899,265 |
| Add: Receipts during the year | <u>10,149,263</u> | <u>7,003,885</u> |
| | 11,908,275 | 7,903,150 |
| Less: Payments made during the year | <u>9,596,276</u> | <u>6,144,138</u> |
| Balance carried forward to next year | <u><u>2,311,999</u></u> | <u><u>1,759,012</u></u> |
| AFP Official National Police Memorial Trust Account | | |
| <i>Purpose:</i> For the collection and payment of AFP employees' salary packaging arrangements. | | |
| Balance carried from previous year | - | - |
| Add: Receipts during the year | <u>-</u> | <u>-</u> |
| | - | - |
| Less: Payments made during the year | <u>-</u> | <u>-</u> |
| Balance carried forward to next year | <u><u>-</u></u> | <u><u>-</u></u> |

AUSTRALIAN FEDERAL POLICE
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for the year ended 30 June 2003

Note 21: Reporting of Outcomes

The AFP uses its Promis Real-time On-line Management System (PROMIS) recording system to capture data by case and accumulates that by incident type and, subsequently, to output level. Corporate overhead and support costs are then apportioned to each output in relation to the time spent on the categorised operational activity.

Note 21A Net Cost of Outcome Delivery

| | Outcome 1 | | Outcome 2 | | Total | |
|--|----------------|----------------|---------------|---------------|----------------|----------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Departmental expenses | 503,709 | 314,156 | 80,487 | 73,147 | 584,197 | 387,303 |
| Total expenses | 503,709 | 314,156 | 80,487 | 73,147 | 584,197 | 387,303 |
| <i>Costs recovered from provision of goods and services to the non-government sector</i> | | | | | | |
| Departmental | 33,045 | 25,576 | 80,762 | 74,026 | 113,808 | 139,384 |
| Total costs recovered | 33,045 | 25,576 | 80,762 | 74,026 | 113,808 | 139,384 |
| <i>Other external revenues</i> | | | | | | |
| Departmental | 3,348 | 2,563 | 32 | - | 3,379 | 2,563 |
| Interest on cash deposits | 61 | 27 | - | - | 61 | 27 |
| Revenue from disposal of assets | 213 | - | - | - | 213 | - |
| Other | - | - | - | - | - | - |
| Goods and services revenue from related entities | - | - | - | - | - | - |
| Total Departmental | 3,622 | 2,590 | 32 | - | 3,654 | 2,590 |
| Total other external revenues | 36,667 | 28,166 | 80,794 | 74,026 | 219,653 | 141,974 |
| Net cost/(contribution) of revenue | 7% | 9% | 100% | 101% | 38% | 37% |

Outcomes 1 and 2 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome. The Capital Use Charge is not included in any of the outcomes as it is not an operating expense in end-of-year financial reports.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 21: Reporting of Outcomes (cont.)

Note 21B - Major Departmental Revenues & Expenses by Outputs

| Outcome 1 | Output 1.1 | | Output 1.2 | | Output 1.3 | | Output 1.4 | | Outcome 1 Total | |
|------------------------------------|----------------|----------------|---------------|---------------|---------------|---------------|----------------|----------|-----------------|----------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Departmental expenses | | | | | | | | | | |
| Employees | 152,614 | 116,709 | 37,936 | 25,479 | 33,912 | 32,055 | 81,512 | - | 305,973 | 174,243 |
| Suppliers | 101,300 | 82,679 | 19,980 | 18,050 | 17,154 | 22,709 | 28,203 | - | 166,637 | 123,438 |
| Depreciation and amortisation | 18,592 | 10,404 | 2,337 | 2,689 | 1,119 | 3,382 | 1,259 | - | 23,307 | 16,475 |
| Other expenses | - | - | 410 | - | 179 | - | 7,204 | - | 7,792 | - |
| Total departmental expenses | 272,506 | 209,792 | 60,663 | 46,218 | 52,364 | 58,146 | 118,178 | - | 503,709 | 314,156 |
| Funded by: | | | | | | | | | | |
| Revenues from governments | 231,484 | 203,480 | 63,422 | 44,422 | 57,062 | 55,888 | 31,729 | - | 383,697 | 303,790 |
| Sale of goods and services | 19,265 | 20,437 | 5,279 | 4,501 | 4,750 | 5,663 | 89,809 | - | 119,102 | 30,601 |
| Total departmental revenues | 250,749 | 223,917 | 68,701 | 48,923 | 61,812 | 61,551 | 121,537 | - | 502,799 | 334,391 |

| Outcome 2 | Output 2.1 | | Outcome 2 Total | |
|------------------------------------|---------------|---------------|-----------------|---------------|
| | 2003 | 2002 | 2003 | 2002 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Departmental expenses | | | | |
| Employees | 56,885 | 57,442 | 56,885 | 57,442 |
| Suppliers | 22,550 | 14,365 | 22,550 | 14,365 |
| Depreciation and amortisation | 1,053 | 1,340 | 1,053 | 1,340 |
| Other expenses | - | - | - | - |
| Total departmental expenses | 80,487 | 73,147 | 80,487 | 73,147 |
| Funded by: | | | | |
| Revenues from governments | - | - | - | - |
| Sale of goods and services | 80,794 | 74,193 | 80,794 | 74,193 |
| Total departmental revenues | 80,794 | 74,193 | 80,794 | 74,193 |

| Outcomes Total | |
|----------------|----------------|
| 2003 | 2002 |
| \$'000 | \$'000 |
| 362,858 | 231,685 |
| 189,187 | 137,803 |
| 24,360 | 17,815 |
| 7,792 | - |
| 584,197 | 387,303 |
| 383,697 | 303,790 |
| 199,896 | 30,768 |
| 583,593 | 334,558 |

Outcomes 1 and 2 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome. The Capital Use Charge is not included in any of the outcomes as it is not an operating expense in end-of-year financial reports.

**AUSTRALIAN PROTECTIVE
SERVICES ACCOUNT**



INDEPENDENT AUDIT REPORT

To the Minister for Justice and Customs

Scope

I have audited the financial statements of the Australian Protective Service for the year ended 30 June 2003. The financial statements comprise:

- Statement by the Commissioner of Police and Director Operations Support;
- 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 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 Protective Service'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 Protective Service as at 30 June 2003, and its financial performance and cash flows for the year then ended.

Australian National Audit Office

Brandon Jarrett
Acting Executive Director

Delegate of the Auditor-General

Canberra
22 August 2003

**AUSTRALIAN FEDERAL POLICE
AUSTRALIAN PROTECTIVE SERVICE ACCOUNT**

**STATEMENT BY THE COMMISSIONER, AUSTRALIAN FEDERAL POLICE AND
DIRECTOR OPERATIONS SUPPORT, AUSTRALIAN PROTECTIVE SERVICE**

In our opinion, the attached financial statements for the year ended 30 June 2003 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*.


MJ Keelty
Commissioner


Chris Hayward
Director Operations Support

Dated this 22nd day of August 2003.

**AUSTRALIAN FEDERAL POLICE
AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2003**

| | Notes | 2002/03 \$ | 2001/02 \$ |
|---|-------|--------------------|-------------------|
| Revenues from ordinary activities | | | |
| Revenues from Government | 3A | 31,728,500 | 20,969,813 |
| Sales of services | 3B | 88,776,463 | 73,177,245 |
| Interest | 3C | 795,746 | 347,530 |
| Revenue from sales of assets | 3D | 9,400 | 764 |
| Reversals of previous asset write-downs | 3E | 14,392 | 61,555 |
| Other | | 212,990 | 165,935 |
| Revenues from ordinary activities | | 121,537,491 | 94,722,842 |
| Expenses from ordinary activities (excluding borrowing costs expense) | | | |
| Employees | 4A | 81,511,710 | 58,943,030 |
| Suppliers | 4B | 28,202,818 | 18,526,694 |
| Depreciation and amortisation | 4C | 1,259,266 | 777,246 |
| Write-down of assets | 4D | 252,426 | 32,095 |
| Value of assets sold | 3D | 33,800 | 2,077 |
| Competitive neutrality costs | 4E | 6,910,089 | 3,286,482 |
| Expenses from ordinary activities (excluding borrowing costs expense) | | 118,170,109 | 81,567,624 |
| Borrowing costs expense | 5 | 7,241 | 3,793 |
| Net surplus / (deficit) | | 3,360,141 | 13,151,425 |
| Net credit (debit) to asset revaluation reserve | | - | - |
| Total revenues, expenses and valuation adjustments attributable to the Commonwealth Government and recognised directly in equity | | - | - |
| Total changes in equity other than those resulting from transactions with owners as owners | | 3,360,141 | 13,151,425 |

The above statement should be read in conjunction with the accompanying notes.

**AUSTRALIAN FEDERAL POLICE
AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
STATEMENT OF FINANCIAL POSITION**
for the year ended 30 June 2003

| | Notes | 2002/03 \$ | 2001/02 \$ |
|--|-------|-------------------|-------------------|
| ASSETS | | | |
| Financial assets | | | |
| Cash | 6A | 20,260,626 | 24,234,294 |
| Receivables | 6B | 20,881,494 | 15,750,929 |
| Total financial assets | | 41,142,120 | 39,985,223 |
| Non-financial assets | | | |
| Land and buildings | 7A,D | 359,028 | 368,668 |
| Infrastructure, plant and equipment | 7B,D | 2,901,117 | 2,204,232 |
| Intangibles | 7C,D | 1,184,561 | 1,731,339 |
| Inventories | 7E | 75,751 | 206,476 |
| Other | 7F | 60,325 | 98,885 |
| Total non-financial assets | | 4,580,782 | 4,609,600 |
| TOTAL ASSETS | | 45,722,902 | 44,594,823 |
| LIABILITIES | | | |
| Payables | | | |
| Suppliers | 8A | 2,581,600 | 7,755,005 |
| Other Payables | 8B | 751,494 | 790,337 |
| Dividend Payable | 8C | 4,320,689 | 1,649,884 |
| Competitive Neutrality Payable | 8D | 4,477,050 | 1,260,289 |
| Total payables | | 12,130,833 | 11,455,515 |
| Provisions | | | |
| Employees | 9A | 15,584,851 | 15,047,006 |
| Other Provision | 9B | 875,464 | - |
| Total provisions | | 16,460,315 | 15,047,006 |
| TOTAL LIABILITIES | | 28,591,148 | 26,502,521 |
| NET ASSETS | | 17,131,754 | 18,092,302 |
| EQUITY | | | |
| Contributed equity | 10 | 3,872,055 | 3,872,055 |
| Reserves | 10 | 888,325 | 888,325 |
| Retained surpluses or (accumulated deficits) | 10 | 12,371,374 | 13,331,922 |
| TOTAL EQUITY | 10 | 17,131,754 | 18,092,302 |
| Current assets | | 41,278,196 | 40,290,584 |
| Non-current assets | | 4,444,706 | 4,304,239 |
| Current liabilities | | 23,037,488 | 21,705,741 |
| Non-current liabilities | | 5,553,660 | 4,796,780 |

The above statement should be read in conjunction with the accompanying notes.

**AUSTRALIAN FEDERAL POLICE
AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
STATEMENT OF CASH FLOWS**
for the year ended 30 June 2003

| | Notes | 2002/03 \$ | 2001/02 \$ |
|--|-------|----------------------|---------------------|
| OPERATING ACTIVITIES | | | |
| Cash received | | | |
| Goods and services | | 89,689,972 | 77,635,669 |
| Appropriations | | 31,629,000 | 20,700,000 |
| Interest | | 790,414 | 340,062 |
| GST received from ATO | | 96,552 | - |
| Total cash received | | 122,205,938 | 98,675,731 |
| Cash used | | | |
| Employees | | (80,973,865) | (53,010,215) |
| Suppliers | | (36,168,336) | (23,504,550) |
| Borrowing costs | | (7,241) | (3,793) |
| GST paid to ATO | | (5,932,987) | (3,674,322) |
| Total cash used | | (123,082,429) | (80,192,880) |
| Net Cash from/ (used by) operating activities | 11 | (876,491) | 18,482,851 |
| INVESTING ACTIVITIES | | | |
| Cash received | | | |
| Proceeds from sales of property, plant and equipment | | 9,400 | 764 |
| Total cash received | | 9,400 | 764 |
| Cash used | | | |
| Purchase of property, plant and equipment | | (1,388,255) | (1,917,692) |
| Purchase of intangibles | | (68,438) | - |
| Total cash used | | (1,456,693) | (1,917,692) |
| Net Cash from/ (used by) investing activities | | (1,447,293) | (1,916,928) |
| FINANCING ACTIVITIES | | | |
| Cash used | | | |
| Dividends paid | | (1,649,884) | - |
| Total cash used | | (1,649,884) | - |
| Net Cash from/ (used by) financing activities | | (1,649,884) | - |
| Net increase/(decrease) in cash held | | (3,973,668) | 16,565,923 |
| Cash at beginning of the reporting period | | 24,234,294 | 7,668,371 |
| Cash at the end of the reporting period | 6A | 20,260,626 | 24,234,294 |

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERAL POLICE
AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
SCHEDULE OF COMMITMENTS
for the year ended 30 June 2003

| | 2002/03 \$ | 2001/02 \$ |
|---|-------------------------|-------------------------|
| BY TYPE | | |
| CAPITAL COMMITMENTS | | |
| Infrastructure, plant and equipment (a) | 2,298,866 | - |
| <i>Total capital commitments</i> | <u>2,298,866</u> | <u>-</u> |
| OTHER COMMITMENTS | | |
| Operating leases (b) | 7,966,798 | 8,007,563 |
| <i>Total other commitments</i> | <u>7,966,798</u> | <u>8,007,563</u> |
| Commitments receivable | <u>(933,242)</u> | <u>(727,960)</u> |
| Net commitments | <u><u>9,332,422</u></u> | <u><u>7,279,603</u></u> |
| BY MATURITY | | |
| Capital commitments | | |
| One year or less | 2,089,878 | - |
| Operating lease commitments | | |
| One year or less | 3,181,716 | 2,436,038 |
| From one to five years | 3,862,495 | 4,475,232 |
| Over five years | 198,333 | 368,333 |
| <i>Net commitments by maturity</i> | <u><u>9,332,422</u></u> | <u><u>7,279,603</u></u> |

NB: Commitments are GST inclusive where relevant.

(a) Plant and equipment commitments are primarily purchase orders for purchase of operation equipments for appropriation activities.

(b) Operating leases included are effectively non-cancellable and comprise:

| <i>Nature of agreement</i> | <i>General description of contract arrangement</i> |
|--|---|
| Leases for offices accommodation | Lease payments are subject to annual rental reviews, generally in line with the Consumer Price Index according to the lease agreements; The office accommodation leases are still current and each may be renewed subject to renegotiations. |
| Agreements for the provision of motor vehicles | No contingent rentals exist; There are no renewal or purchase options available to the APS. |
| Leases in relation to computer equipments and photocopiers | The lessor provides all computer equipment and photocopiers designated as necessary in the supply contract for 3-5 years. |

The above schedule should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERAL POLICE
AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
SCHEDULE OF CONTINGENCIES
for the year ended 30 June 2003

| | 2002/03 \$ | 2001/02 \$ |
|-----------------------------------|----------------------|-----------------|
| Contingent liabilities | | |
| Claims for damages/costs | 50,000 | - |
| <i>Net contingent liabilities</i> | <u><u>50,000</u></u> | <u><u>-</u></u> |

Details of each class of contingent liabilities, including those not included above because they cannot be quantified or considered remote, are disclosed in Note12: Contingent Liabilities and Assets.

The above schedule should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERAL POLICE
 AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2003

| Note | Description |
|------|---|
| 1 | Summary of Significant Accounting Policies |
| 2 | Events Occurring after Balance Date |
| 3 | Operating Revenues |
| 4 | Operating Expenses |
| 5 | Borrowing Cost Expenses |
| 6A-B | Financial Assets |
| 7A-D | Non-Financial Assets |
| 7E | Inventories |
| 7F | Other Non Financial Assets |
| 8A | Supplier Payables |
| 8B | Other Payables |
| 8C | Dividend Payable |
| 8D | Competitive Neutrality Costs |
| 9 | Provisions |
| 10 | Equity |
| 11 | Cash Flow Reconciliation |
| 12 | Contingent Liabilities and Assets |
| 13 | Remuneration of Auditors |
| 14 | Remuneration of Executives |
| 15 | Average Staffing Levels |
| 16 | Financial Instruments |
| 17 | Act of Grace Payments and Defective Administration Scheme |
| 18 | Comcare Trust Money |
| 19 | Reporting of Outcomes |

AUSTRALIAN FEDERAL POLICE
 AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2003

(1) Summary of Significant Accounting Policies

1.1 Objectives of the Australian Protective Service

The Australian Protective Service (APS) is a partially budget funded organisation operating under the *Australian Protective Service Act 1987*. The objectives of the APS are to:

- Provide a range of user-pays guarding and related security services consistent with the Government's interests, and
- Provide a first-response and deterrent role to potential terrorist acts against Australia's passenger aviation industry.

As of 1 July 2002, APS was transferred from the Attorney-General's Department to the Australian Federal Police (AFP) functioning as a new operating division. It is structured to meet part of AFP's Outcome 1:

Outcome 1: The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas.

APS activities contributing toward this outcome are classified as departmental. Departmental activities involve the use of assets, liabilities, revenue and expenses controlled or incurred by the APS in its own right.

APS activities are identified under one heading for Outcome 1: Output 1.4 is Guarding and security services. APS is the primary element contributing to delivery of the AFP's Output 1.4 and contributes to the achievement of Outcome 1 through the protection of Commonwealth interests in Australia and overseas.

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 (or FMOs, being the *Financial Management and Accountability (Financial Statements for reporting periods ending on or after 30 June 2003) Orders*);
- Australian Accounting Standards and Accounting Interpretations issued by Australian Accounting Standard Boards; and
- Consensus Views of the Urgent Issue Group.

The 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 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. However, assets and liabilities arising under agreements equally proportionately unperformed are 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 unquantifiable or remote contingencies, which are reported at Note 12).

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

The continued existence of the APS in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament for the APS'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 2001-02, except in respect of:

- the accounting for output appropriations
- measurement of certain employee benefits at nominal amounts ;
- the initial revaluation of property, plant and equipment on a fair value basis; and
- the imposition of an impairment test for non-current assets carried at cost.

1.4 *Revenue*

Revenues from Government

Departmental outputs appropriations for the year (less any savings offered up in Portfolio Additional Estimates Statements) are recognised as revenue, except for certain amounts which relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

In 2002-03, full amount of the appropriations for APS outputs for the year 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).

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.

Contribution of assets at no cost of acquisition or for nominal considerations 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 arrangement.

(a) Other Revenue

Revenue from the sale of goods and services is recognised upon the delivery of goods and services to customers.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion that cost incurred to date bear to the estimated total costs of the transaction.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

1.5 *Transactions with the Government as Owner*

Dividends

The 1995 Memorandum of Understanding between the Department of Finance and Administration (DoFA) and APS specifies that dividend payment is based on 50% of the operating profit with recognition of the requirement to retain funds for business purposes and the overall budgetary position.

Competitive Neutrality

The Australian Protective Service is required to apply competitive neutrality provisions to its non appropriated business activities in accordance with the Competition Principles Agreement of 1995 and the Commonwealth guidelines, Competitive Neutrality Policy Statement (CNPS) 1996. The payment of competitive neutrality is based on a corporate tax and payroll tax equivalence.

1.6 *Employee Benefits*

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits), annual leave, sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. This is a change in accounting policy from last year required by an initial application of a new Accounting Standard AASB 1028 from 1 July 2002. According to current APS's MX award which provides pay rates on 28 August 2003, the financial effect of this change has been incorporated in the statements.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provisions 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 by employees in future years by employees of the APS is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the APS employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 April 2003. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. APS has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Staff of the APS are members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Commonwealth and is settled by the Commonwealth in due course.

APS makes employer contributions to the Commonwealth at rates determined by an actuary to be sufficient to meet the cost to the Commonwealth of the superannuation entitlements of the APS's employees.

The liability for superannuation recognised as at 30 June represent outstanding contributions for the final fortnight of the year.

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, which 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 agreement is expensed in the period in which the space becomes surplus.

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 amounts of 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 in Note 16.

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 of 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, 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

Basis

Land, building, plant and equipment are carried at valuation. Revaluations undertaken up to 30 June 2001 were done on a deprival basis. Revaluation is carried out in a 3-year cycle progressively. Revaluation will be carried out in 03/04 on a fair value basis. This change in accounting policy is required by Australian Accounting Standard AASB 1041 *Revaluation of Non-Current Assets*.

Deprival values for each class of asset are determined as shown below.

| <i>Asset class</i> | <i>Deprival value measured at:</i> |
|------------------------|------------------------------------|
| Land | Market selling price |
| Buildings | Depreciated replacement cost |
| Leasehold improvements | Depreciated replacement cost |
| Plant and equipment | Depreciated replacement cost |

Frequency

Land, buildings, plant and equipment are revalued progressively in successive three-year cycles. The APS has implemented its progressive revaluations as follows:

- all freehold land and buildings have been revalued in full as at 30 June 2001; and
- other infrastructure, plant & equipment have been revalued as at 30 June 2001.

Assets in each class acquired after the commencement of the progressive revaluation cycle are not captured by the progressive revaluation then in progress.

Conduct

All valuations are conducted by an independent qualified valuer, Australian Valuation Office.

Depreciation

Depreciable property plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the APS using, in all cases, the straight line method of depreciation. Leasehold improvements are amortised on a straight line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rate (useful lives) and method 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 rates applying to each class of depreciable asset are based on the following useful lives:

| | 2003 | 2002 |
|----------------------------|-------------|-------------|
| Buildings on freehold land | 25 years | 25 years |
| Leasehold improvements | Lease term | Lease term |
| Plant and equipment | 4 - 8 years | 4 - 8 years |

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4C.

Recoverable Amount Test

From 1 July 2002, the Schedule 1 no longer requires the application of the recoverable amount test in Australian Accounting Standard AAS 10 *Recoverable Amount of Non-Current Assets* to the assets of agencies when the primary purpose of the asset is not the generation of net cash inflows.

No property plant and equipment assets other than land now held for sale have been written down to recoverable amount per AAS 10. Accordingly, the change in policy has had no financial effect.

1.13 Intangibles

APS's intangibles comprise externally developed software for internal use. These assets are carried at cost.

From 1 July 2002, the Schedule 1 no longer requires the application of the recoverable amount test in Australian Accounting Standard AAS 10 *Recoverable Amount of Non-Current Assets* to the assets of agencies when the primary purpose of the asset is not the generation of net cash inflows.

However Schedule 1 now requires such assets, if carried on the cost basis, to be assessed for indications of impairment. The carrying amount of impaired assets must be written down to the higher of its net market selling price or depreciated replacement cost.

All software assets were assessed for impairment as at 1 July 2002. None were found to be impaired.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of APS software is 3 years (2001-02: 3 years)

1.14 Inventories

Inventories held represent stores of consumables and other goods not for resale. Inventories are valued at cost in accordance with *AAS 2 Inventories* except where no longer required, in which case they are valued at net realisable value. Cost is assigned to individual items of inventory using the weighted average basis.

1.15 Taxation

Although the APS is exempt from all forms of taxation except fringe benefit tax and goods and services tax (GST), from 1 July 1999, the APS applies a tax equivalence regime in accordance with the Commonwealth's Competitive Neutrality Policy Statement issued in June 1996. Fringe Benefits tax and amounts in lieu of applicable indirect taxes and income tax are accounted for and included in the determination of operating profit.

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

1.16 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction.

1.17 Insurance

APS has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through the Government's Comcare Australia.

1.18 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

1.19 Rounding

Amounts are rounded to the nearest dollar.

1.20 Capital

The Memorandum of Understanding between the Australian Protective Service and Department of Finance and Administration which sets out the main operating principles for the Australian Protective Service from 1 July 1994 was signed on 29 June 1995.

1.21 Asset Revaluation Reserve

Where on disposal of a revalued asset, a revaluation increment relating to that asset remains in the asset revaluation reserve, such increment will be transferred directly to the accumulated results.

1.22 Provision for bad and doubtful debts

A provision is raised for any doubtful debts based on a review of all outstanding accounts as at year end. Bad debts are written off during the year in which they are identified.

1.23 Provision for make-good for rental

The calculation for this provision is based on an in house estimation.

(2) Events Occurring after Reporting Date

No significant subsequent events have occurred since the reporting date requiring disclosure in the financial statements.

| | 2002/03 \$ | 2001/02 \$ |
|---|-------------------|-------------------|
| (3) Operating Revenues | | |
| 3A. Revenues from Government | | |
| Appropriations for outputs | 31,629,000 | 20,700,000 |
| Resources received free of charge | 99,500 | 269,813 |
| Total revenues from government | 31,728,500 | 20,969,813 |
| 3B. Sales of Services | | |
| Services | 88,776,463 | 73,177,245 |
| Rendering of services to: | | |
| Related entities | 67,102,409 | 67,243,612 |
| External entities | 21,674,054 | 5,933,633 |
| Total rendering of services | 88,776,463 | 73,177,245 |
| 3C. Interest Revenue | | |
| Interest on deposits | 795,746 | 347,530 |
| 3D. Net Gains/(Losses) from Sales of Assets | | |
| Infrastructure, plant and equipment: | | |
| Proceeds from disposal | 9,400 | 764 |
| Net book value of assets disposed | (33,800) | (2,077) |
| Net gain/(loss) from disposal of infrastructure, plant and equipment | (24,400) | (1,313) |
| TOTAL proceeds from disposals | 9,400 | 764 |
| TOTAL value of assets disposed | (33,800) | (2,077) |
| TOTAL net gains/(losses) from sales of assets | (24,400) | (1,313) |
| 3E. Reversals of Previous Asset Write-Downs | | |
| Financial assets | | |
| Doubtful debt received - receivables | 14,392 | 61,555 |

(4) Operating Expenses

| | | |
|--|-------------------|-------------------|
| 4A. Employee expenses | | |
| Wages and Salary | 65,246,500 | 47,943,099 |
| Superannuation | 7,050,818 | 4,613,766 |
| Leave and other entitlements | 5,068,892 | 2,963,215 |
| Separation and redundancy | 313,030 | 1,126,952 |
| Other employee expenses | 261,581 | 222,123 |
| Total employee benefits expense | 77,940,821 | 56,869,155 |
| Worker compensation premiums | 3,570,889 | 2,073,875 |
| Total employee expenses | 81,511,710 | 58,943,030 |
| 4B. Suppliers expenses | | |
| Goods from related entities | - | - |
| Goods from external entities | 3,527,558 | 3,364,595 |
| Services from related entities | 2,628,388 | 1,424,620 |
| Service from external entities | 18,871,667 | 11,732,219 |
| Operating lease rentals* | 3,175,205 | 2,005,260 |
| Total supplier expenses | 28,202,818 | 18,526,694 |

* These comprise minimum lease payments only.

| | 2002/03 \$ | 2001/02 \$ |
|--|------------------|------------------|
| 4C. Depreciation and Amortisation | | |
| Depreciation | | |
| Other infrastructure, plant and equipment | 634,410 | 564,927 |
| Buildings | 9,640 | 9,499 |
| Total Depreciation | 644,050 | 574,426 |
| Amortisation | | |
| Intangibles-Computer Software | 615,216 | 202,820 |
| Total depreciation and amortisation | 1,259,266 | 777,246 |
| The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows: | | |
| Buildings on freehold land | 9,640 | 9,499 |
| Plant and equipment | 634,410 | 564,927 |
| Intangibles-Computer software in use | 615,216 | 202,820 |
| Total depreciation and amortisation | 1,259,266 | 777,246 |
| No depreciation or amortisation was allocated to the carrying amounts of other assets. | | |
| 4D. Write Down of Assets | | |
| Financial assets | | |
| Bad and doubtful debts expense | 112,016 | 1,221 |
| Non-financial assets | | |
| Obsolete inventories | 117,250 | - |
| Plant & equipment - write-off on disposal | 23,160 | 30,874 |
| Total write-down of assets | 252,426 | 32,095 |
| 4E. Competitive neutrality costs | | |
| Payroll tax equivalent | 3,206,639 | 2,717,650 |
| Corporate tax equivalent | 2,488,627 | 568,832 |
| Competitive neutrality costs for current year | 5,695,266 | 3,286,482 |
| Corporate tax equivalent - Prior period adjustment* | 1,214,823 | - |
| Total competitive neutrality costs | 6,910,089 | 3,286,482 |

* The prior period adjustments are as a direct result of the revision of the 01-02 cost attribution model that allocates costs between appropriation funding activity and commercial activity.

(5) Borrowing Costs Expense

| | | |
|--------------------------------------|--------------|--------------|
| Credit card late penalty | 7,241 | 3,793 |
| Total borrowing costs expense | 7,241 | 3,793 |

(6) Financial Assets

| | | |
|--|-------------------|-------------------|
| Cash on hand: | | |
| Departmental (other than special accounts) | 20,260,626 | 24,234,294 |
| Total cash | 20,260,626 | 24,234,294 |

All cash recognised is a current asset.

6B. Receivables

| | | |
|------------------------------------|-------------------|-------------------|
| Services | 20,960,063 | 15,736,367 |
| Less: Provision for doubtful debts | (160,414) | (62,789) |
| | 20,799,649 | 15,673,578 |
| Interest receivable | 19,526 | 14,194 |
| Other debtors | 62,319 | 63,157 |
| Total receivables (net) | 20,881,494 | 15,750,929 |

All receivables are current assets.

(6) Financial Assets (cont'd)

| | 2002/03 \$ | 2001/02 \$ |
|--|-------------------|-------------------|
| Receivables (gross) are aged as follows: | | |
| Not overdue | 20,091,972 | 13,761,354 |
| Overdue by: | | |
| less than 30 days | 365,939 | 1,629,166 |
| 30 to 60 days | 177,778 | 273,996 |
| 60 to 90 days | 101,466 | 15,888 |
| More than 90 days | 304,753 | 133,314 |
| | 949,936 | 2,052,364 |
| Total receivables (gross) | 21,041,908 | 15,813,718 |
| The provision for doubtful debts is aged as follows: | | |
| Not overdue | - | - |
| Overdue by: | | |
| - less than 30 days | 831 | - |
| - 30 to 60 days | 6,645 | - |
| - 60 to 90 days | 12,737 | - |
| - more than 90 days | 140,201 | 62,789 |
| | 160,414 | 62,789 |
| Total provision for doubtful debts | 160,414 | 62,789 |

(7) Non-Financial Assets

7A. Land and Buildings

Freehold land

| | | |
|-------------------------------------|---------|---------|
| - at June 2001 valuation (deprival) | 102,000 | 102,000 |
|-------------------------------------|---------|---------|

Buildings on freehold land

| | | |
|---|----------------|----------------|
| - at June 2001 valuation (deprival) | 380,167 | 380,167 |
| - Accumulated depreciation | (123,139) | (113,499) |
| Total buildings on freehold land (net) | 257,028 | 266,668 |

| | | |
|---|----------------|----------------|
| Total Land and Buildings (non-current) | 359,028 | 368,668 |
|---|----------------|----------------|

7B. Infrastructure, Plant and Equipment

Plant and equipment

| | | |
|--------------------------|-------------|-----------|
| - at cost | 2,373,096 | 641,008 |
| Accumulated depreciation | (1,079,610) | (101,366) |
| | 1,293,486 | 539,642 |

| | | |
|-------------------------------------|-------------|-------------|
| - at June 2001 valuation (deprival) | 4,384,765 | 4,785,558 |
| Accumulated depreciation | (2,777,134) | (3,120,968) |
| | 1,607,631 | 1,664,590 |

| | | |
|--|------------------|------------------|
| Total Infrastructure, Plant and Equipment (non-current) | 2,901,117 | 2,204,232 |
|--|------------------|------------------|

7C. Intangibles

Computer software:

| | | |
|-----------------------------|-------------|-----------|
| Purchased Computer Software | 2,265,860 | 2,197,422 |
| Accumulated depreciation | (1,081,299) | (466,083) |
| | 1,184,561 | 1,731,339 |

| | | |
|--------------------------|------------------|------------------|
| Total Intangibles | 1,184,561 | 1,731,339 |
|--------------------------|------------------|------------------|

7D. Analysis of Property, Plant, Equipment and Intangibles

TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

| Item | Land | Buildings on Freehold Land | Land and Buildings - Total | Other IP & E | Computer software | TOTAL |
|---|----------------|----------------------------|----------------------------|------------------|-------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| As at 1 July 2002 | | | | | | |
| Gross book value | 102,000 | 380,167 | 482,167 | 5,426,566 | 2,197,422 | 8,106,155 |
| Accumulated depreciation/amortisation | n/a | (113,499) | (113,499) | (3,222,334) | (466,083) | (3,801,916) |
| Net book value | 102,000 | 266,668 | 368,668 | 2,204,232 | 1,731,339 | 4,304,239 |
| Additions: | | | | | | |
| by purchase | - | - | - | 1,388,255 | 68,438 | 1,456,693 |
| Net revaluation increment/(decrement) | - | - | - | - | - | - |
| Depreciation/amortisation expense | n/a | (9,640) | (9,640) | (634,410) | (615,216) | (1,259,266) |
| Recoverable Amount write-downs | - | - | - | - | - | - |
| Disposals | | | | | | |
| From disposal of operations | - | - | - | (56,960) | - | (56,960) |
| As at 30 June 2003 | | | | | | |
| Gross book value | 102,000 | 380,167 | 482,167 | 6,757,861 | 2,265,860 | 9,505,888 |
| Accumulated depreciation / amortisation | n/a | (123,139) | (123,139) | (3,856,744) | (1,081,299) | (5,061,182) |
| Net book value | 102,000 | 257,028 | 359,028 | 2,901,117 | 1,184,561 | 4,444,706 |

TABLE B - Assets at valuation

| Item | Land | Buildings on Freehold Land | Total Land and Buildings | Plant & Equipment | Computer software - Total intangibles | TOTAL |
|---|----------------|----------------------------|--------------------------|-------------------|---------------------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| As at 30 June 2003 | | | | | | |
| Gross value | 102,000 | 380,167 | 482,167 | 4,384,765 | - | 4,866,932 |
| Accumulated Depreciation / amortisation | n/a | (123,139) | (123,139) | (2,777,134) | - | (2,900,273) |
| Net book value | 102,000 | 257,028 | 359,028 | 1,607,631 | - | 1,966,659 |
| As at 30 June 2002 | | | | | | |
| Gross value | 102,000 | 380,167 | 482,167 | 4,785,558 | - | 5,267,725 |
| Accumulated Depreciation / amortisation | n/a | (113,499) | (113,499) | (3,120,968) | - | (3,234,467) |
| Net book value | 102,000 | 266,668 | 368,668 | 1,664,590 | - | 2,033,258 |

| | 2002/03 \$ | 2001/02 \$ |
|--|-------------------|-------------------|
| (7) Non Financial Assets (cont'd) | | |
| 7E. Inventories | | |
| Inventories not held for sale | 80,530 | 206,476 |
| Less: Provision for obsolete stock | (4,779) | - |
| Total inventories | <u>75,751</u> | <u>206,476</u> |
| All departmental inventories are current assets. | | |
| 7F. Other Non-Financial Assets | | |
| Prepayments | 60,325 | 98,885 |
| All other non-financial assets are current assets. | | |
| (8) Payables | | |
| 8A. Supplier Payables | | |
| Trade creditors | 2,332,542 | 7,497,118 |
| Operating lease rentals | 249,058 | 257,887 |
| Total supplier payables | <u>2,581,600</u> | <u>7,755,005</u> |
| Supplier payables are represented by: | | |
| Current | 2,581,600 | 7,755,005 |
| 8B. Other Payables | | |
| GST payable (net) | 751,494 | 790,337 |
| All other payables are current liabilities | | |
| 8C. Dividend Payable | | |
| Dividend | 4,320,689 | 1,649,884 |
| Balance owing 1 July | 1,649,884 | 986,246 |
| Dividend provided for during the period | 2,903,397 | 663,638 |
| Dividend - Prior period adjustment* | 1,417,292 | - |
| Dividend paid to DOFA | (1,649,884) | - |
| Balance owing 30 June | <u>4,320,689</u> | <u>1,649,884</u> |
| The dividend payable is a current liability | | |
| 8D. Competitive Neutrality Payable | | |
| Payroll & Corporate Tax equivalent | 4,477,050 | 1,260,289 |
| Balance owing 1 July | 1,260,289 | 3,110,164 |
| Payroll & Corporate Tax equivalent provided for during the period | 5,695,266 | 3,286,482 |
| Payroll & Corporate Tax equivalent - Prior period adjustment* | 1,214,823 | - |
| Payroll & Corporate Tax equivalent paid to DOFA | (3,693,328) | (5,136,357) |
| Balance owing 30 June | <u>4,477,050</u> | <u>1,260,289</u> |
| The competitive neutrality payable is a current liability | | |
| * The prior period adjustments are as a direct result of the revision of the 01-02 cost attribution model that allocates costs between appropriation funding activity and commercial activity. | | |
| (9) Provisions | | |
| 9A. Employee Provisions | | |
| Salaries & wages | 2,665,639 | 2,097,487 |
| Superannuation | 276,060 | 166,451 |
| Separations and redundancies | 117,934 | 1,026,507 |
| Leave | 12,341,641 | 11,222,871 |
| Aggregate employee entitlement liability | <u>15,401,274</u> | <u>14,513,316</u> |
| Workers' compensation | 183,577 | 533,690 |
| Aggregate employee benefit liability and related on-costs | <u>15,584,851</u> | <u>15,047,006</u> |
| Current | 10,906,655 | 10,250,226 |
| Non-current | 4,678,196 | 4,796,780 |
| 9B. Other Provision | | |
| Leasehold make good | 875,464 | - |
| The other provision is a non-current liability | | |

* Prior period adjustment is as a direct result of the reassessment of 01-02 appropriation expenses.

| Item | Accumulated Results | | Asset Revaluation Reserves | | Capital Profit Reserve | | Other General Reserve | | Total Reserves | | Contributed Equity | | TOTAL EQUITY | |
|------------------------|---------------------|---------------|----------------------------|---------------|------------------------|---------------|-----------------------|---------------|----------------|---------------|--------------------|---------------|---------------|--|
| | 2002-03 \$ | 2001-02 \$ | 2002-03 \$ | 2001-02 \$ | 2002-03 \$ | 2001-02 \$ | 2002-03 \$ | 2001-02 \$ | 2002-03 \$ | 2001-02 \$ | 2002-03 \$ | 2001-02 \$ | 2002-03 \$ | |
| Opening balance 1 July | 13,331,922 | 144,136 | 888,325 | 888,325 | - | - | - | - | 1,588,325 | 3,872,055 | 3,872,055 | 18,092,302 | 5,604,516 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | - | - | - | - | 3,360,141 | |
| Net surplus/ (deficit) | 3,360,141 | 13,151,425 | - | - | - | - | - | - | | | | | | |

| (11) Cash Flow Reconciliation | 2002/03 \$ | 2001/02 \$ |
|---|------------------|-------------------|
| Reconciliation of Cash per Statement of Financial Positions to Statement of Cash Flows | | |
| Cash at year end per Statement of Cash Flows | 20,260,626 | 24,234,294 |
| Statement of Financial Position items comprising above cash: 'Financial Asset - Cash' | 20,260,626 | 24,234,294 |
| Reconciliation of net surplus to net cash from operating activities: | | |
| Net surplus/(deficit) | 3,360,141 | 13,151,425 |
| Resource received free of charge | - | (269,813) |
| Loss on disposal of assets | 24,400 | 32,186 |
| Depreciation/amortisation | 1,259,266 | 777,246 |
| Net write-down of non-financial assets | 23,160 | 1,221 |
| (Increase)/ decrease in net receivables | (5,130,565) | (4,970,439) |
| (Increase)/ decrease in inventories | 130,725 | 67,365 |
| (Increase)/ decrease in prepayments | 38,560 | (49,808) |
| Increase/ (decrease) in employee provisions | 537,845 | 4,537,467 |
| Increase/ (decrease) in other provisions | 875,464 | - |
| Increase/ (decrease) in supplier payables | (5,173,405) | 6,516,516 |
| Increase/ (decrease) in other liabilities | 3,177,918 | (1,310,515) |
| Net cash from/ (used) by operating activities | (876,491) | 18,482,851 |

(12) Contingent Liabilities and Assets*Quantifiable Contingencies*

The Schedule of Contingencies reports contingent liabilities in respect of claims for damages/costs of \$50,000 (2001/02: Nil). The amount represents an estimate of the APS's possible liability. APS is denying liability and is defending the claims.

Unquantifiable Contingencies

At 30 June 2003, APS did not identify any unquantifiable contingencies.

(13) Remuneration of Auditors

Financial statements audit services are provided free of charge to the APS.
The fair value of the services provided was:

| | |
|---------------|---------------|
| 99,500 | 65,000 |
|---------------|---------------|

No other services were provided by the Auditor-General.

(14) Executive Remuneration

The number of executive who received or were due to receive total remuneration of \$100,000 or more:

| | Number | Number |
|-----------------------|--------|--------|
| \$150,000 - \$159,999 | 1 | - |
| \$180,000 - \$189,999 | - | 1 |
| \$210,000 - \$219,999 | 1 | - |

The aggregate amount of total remuneration of executives shown above.

| | |
|-------------------|-------------------|
| \$ 371,514 | \$ 183,924 |
|-------------------|-------------------|

The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.

| | |
|------------------|-----|
| \$ 70,806 | Nil |
|------------------|-----|

(15) Average Staffing Levels

| Number | Number |
|--------|--------|
|--------|--------|

The average staffing levels for the APS during the year were:

| | |
|--------------|------------|
| 1,261 | 857 |
|--------------|------------|

(16) Financial Instruments*16A. 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) |
|--------------------------------|-----------|---|--|
| FINANCIAL ASSETS | | Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured. | |
| Cash | 6A | Cash is recognised at its nominal amount. Interest on cash at bank is credited to revenue as it accrues. | The APS invests funds with the Reserve Bank at call and in term deposits. Monies in the APS's bank accounts are swept into the Official Public Account nightly and interest is earned on the daily balance at rates based on the money market call rates. Rates applied for the year is 2% (2001-02: 2%). Interest is paid at month end and end of the term. |
| Receivables for services | 6B | These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability 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 internal to the Commonwealth. Credit terms are net 30 days (2001-02: 30days). |
| Interest receivable | 6B | Interest is accrued as it is earned. | The interest rate is 2% for the year. |
| Other Payables | 6B | These receivable are recognised at their nominal amounts | Most receivables are with staff. |
| FINANCIAL LIABILITIES | | Financial liabilities are recognised when a present obligation to another party is entered into and the amount of liabilities can be reliably measured. | |
| Trade creditors | 8A | Creditors and accruals are recognised at their nominal 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 in the range of 7- 30 days. |
| Dividend payable | 8C | This payable is recognised as the amount outstanding on the estimated amount to be paid in accordance with the calculations outlined by the MOU with the Department of Finance and Administration. | The final amount payable for the year will be 50% (2001-02: 50%) of the net surplus for cost recovery operation (ie excluding appropriation programs). |
| Competitive neutrality payable | 8D | This payable is recognised as the amount outstanding on the estimated amount to be paid in accordance with the Competitive Neutrality policy. | The calculation is based upon the Commonwealth Competitive Neutrality Guidelines for Managers 1998. |

| (16) Financial Instruments (cont'd) | | | | | | | | | | | | | | | | | |
|--|-------|---------------------------------|------------|----------------|-------|--------------|-------|-----------|-------|----------------------|----|--|------------|-------|-----|---|---|
| 16B. Interest Rate Risk | | | | | | | | | | | | | | | | | |
| Financial Instrument | Notes | Fixed Interest Rate Maturing In | | | | | | | | | | Weighted Average Effective Interest Rate | | | | | |
| | | Floating Interest Rate | | 1 year or less | | 1 to 5 years | | > 5 years | | Non Interest Bearing | | | | Total | | | |
| | | 02-03 | 01-02 | 02-03 | 01-02 | 02-03 | 01-02 | 02-03 | 01-02 | \$ | \$ | | | \$ | \$ | % | % |
| Financial Assets | | | | | | | | | | | | | | | | | |
| Cash | 6A | 20,260,626 | 24,234,294 | - | - | - | - | - | - | - | - | 20,260,626 | 24,234,294 | 2 | 2 | | |
| Receivables for goods and services (gross) | 6B | - | - | - | - | - | - | - | - | - | - | 20,960,063 | 15,736,367 | n/a | n/a | | |
| Interest receivable | 6B | - | - | - | - | - | - | - | - | - | - | 19,526 | 14,194 | n/a | n/a | | |
| Other Payables | 6B | - | - | - | - | - | - | - | - | - | - | 62,319 | 63,157 | n/a | n/a | | |
| Total | | 20,260,626 | 24,234,294 | - | - | - | - | - | - | - | - | 21,041,908 | 15,813,718 | | | | |
| Total Assets | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| Financial Liabilities | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| Trade creditors | 8A | - | - | - | - | - | - | - | - | - | - | 2,332,542 | 7,497,118 | n/a | n/a | | |
| Dividend payable | 8B | - | - | - | - | - | - | - | - | - | - | 4,320,689 | 1,649,884 | n/a | n/a | | |
| Competitive neutrality payable | 8C | - | - | - | - | - | - | - | - | - | - | 4,477,050 | 1,260,289 | n/a | n/a | | |
| Total | | - | - | - | - | - | - | - | - | - | - | 11,130,281 | 10,407,291 | | | | |
| Total Liabilities | | | | | | | | | | | | | | | | | |
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(16) Financial Instruments (cont'd)

16C. Net Fair Values of Financial Assets and liabilities

| Notes | 2002-03 | | 2001-02 | |
|---|-----------------------|--------------------------|-----------------------|--------------------------|
| | Total Carrying Amount | Aggregate Net Fair Value | Total Carrying Amount | Aggregate Net Fair Value |
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| Cash at bank | 6A | 20,252,698 | 20,252,698 | 24,226,014 |
| Cash on hand | 6A | 7,928 | 7,928 | 8,280 |
| Receivable for services (net) | 6B | 20,799,649 | 20,799,649 | 15,673,578 |
| Interest receivable | 6B | 19,526 | 19,526 | 14,194 |
| Other Payables | 6B | 62,319 | 62,319 | 63,157 |
| Total Financial Assets | | 41,142,120 | 41,142,120 | 39,985,223 |
| Financial Liabilities (Recognised) | | | | |
| Trade creditors | 8A | 2,332,542 | 2,332,542 | 7,497,118 |
| Dividend payable | 8B | 4,320,689 | 4,320,689 | 1,649,884 |
| Competitive neutrality payable | 8C | 4,477,050 | 4,477,050 | 1,260,289 |
| Total Financial Liabilities (Recognised) | | 11,130,281 | 11,130,281 | 10,407,291 |

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

The net fair values for trade creditors are approximated by their carrying amounts.

16D. Credit Risk Exposures

The Australian Protective Service'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 Australian Protective Service 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.

(17) Act of Grace Payments, Waivers and Defective Administration Scheme

| | 2002-03 \$ | 2001-02 \$ |
|--|---------------|---------------|
| No 'Act of Grace' payments were made during the reporting period, and there are no amounts owing as at year end | Nil | Nil |
| No waivers of amount owing to the Commonwealth were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . | Nil | Nil |
| No payments were made under the 'Defective Administration Scheme' during the reporting period | Nil | Nil |

(18) Assets Held in Trust

Comcare Trust Account

Purpose - moneys held in trust and advanced to APS by COMCARE for the purpose of distributing compensation payments made in accordance with the *Safety rehabilitation and Compensation Act 1998*.

| | 2002-03 \$ | 2001-02 \$ |
|--|---------------|---------------|
| Balance carried forward from previous year | - | - |
| Receipts during the period | 1,027,726 | 669,775 |
| Available for payments | 1,027,726 | 669,775 |
| Payments made | 991,307 | 669,775 |
| Balance carried forward to next year | 36,419 | - |

(19) Reporting of Outcomes

19A: Net Cost of Outcome Delivery

| | Outcome 1 | |
|---|---------------------|--------------------|
| | 2002-03 \$ | 2001-02 \$ |
| Departmental expenses | 118,177,350 | 81,571,416 |
| Total expenses | 118,177,350 | 81,571,416 |
| <i>Cost recovered from provision of goods and services to the non-government sector</i> | | |
| Departmental | 21,674,054 | 5,933,633 |
| Total costs recovered | 21,674,054 | 5,933,633 |
| <i>Other external revenues</i> | | |
| Departmental | | |
| Interest on cash deposits | 795,746 | 347,530 |
| Revenue from disposal of assets | 9,400 | 764 |
| Reversals of previous asset write-downs | 14,392 | 61,555 |
| Other | 212,990 | 165,935 |
| Goods and Services Revenue from Related Entities | 67,102,409 | 67,243,612 |
| Total Departmental | 68,134,937 | 67,819,396 |
| Total other external revenues | 89,808,991 | 73,753,029 |
| Net cost/(contribution) of outcome | (28,368,359) | (7,818,387) |

19B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

| Outcome 1 | Output 1.4 | | Outcome 1 Total | |
|------------------------------------|--------------------|-------------------|--------------------|-------------------|
| | 2002-03 \$ | 2001-02 \$ | 2002-03 \$ | 2001-02 \$ |
| Departmental expenses | | | | |
| Employees | 81,511,710 | 58,943,030 | 81,511,710 | 58,943,030 |
| Suppliers | 28,202,818 | 18,526,694 | 28,202,818 | 18,526,694 |
| Depreciation and amortisation | 1,259,266 | 777,246 | 1,259,266 | 777,246 |
| Other expenses | 7,203,556 | 3,324,446 | 7,203,556 | 3,324,446 |
| Total departmental expenses | 118,177,350 | 81,571,416 | 118,177,350 | 81,571,416 |
| Funded by: | | | | |
| Revenues from government | 31,728,500 | 20,969,813 | 31,728,500 | 20,969,813 |
| Sale of goods and services | 88,776,463 | 73,177,245 | 88,776,463 | 73,177,245 |
| Other non-taxation revenues | 1,032,528 | 575,784 | 1,032,528 | 575,784 |
| Total departmental revenues | 121,537,491 | 94,722,842 | 121,537,491 | 94,722,842 |

ACRONYMS

ACRONYMS

| | | | |
|---------|--|---------|--|
| ABA | Australian Broadcasting Authority | CPP | Close Personal Protection |
| ACC | Australian Crime Commission | CST | Client Service Team |
| ACPR | Australasian Centre of Police Research | CTFR | Counter-Terrorism First-Response |
| ADF | Australian Defence Force | CTORG | Counter-Terrorism (Overseas) Response Group |
| AFP | Australian Federal Police | Customs | Australian Customs Service |
| AFPNET | Australian Federal Police computer Network | Defence | Department of Defence |
| AFR | Advanced First-Response | DFAT | Department of Foreign Affairs and Trade |
| AGD | Attorney-General's Department | DIMIA | Department of Immigration and Multicultural and Indigenous Affairs |
| AHTCC | Australian High Tech Crime Centre | DIO | Defence Intelligence Organisation |
| AIDIP | Australian Illicit Drug Intelligence Program | DIROPS | Directors Operations |
| AIPM | Australian Institute of Police Management | DNA | Deoxyribonucleic acid |
| AIRC | Australian Industrial Relations Commission | DOFA | Department of Finance and Administration |
| ANAO | Australian National Audit Office | DOSF | Directors Operations Support Forum |
| ANCD | Australian National Council on Drugs | DOTARS | Department of Transport and Regional Services |
| APG | Asia/Pacific Group on Money Laundering | DPP | Director of Public Prosecutions |
| APMC | Australasian Police Ministers' Council | DVI | Disaster Victim Identification |
| APS | Australian Protective Service | EA& PS | Employee Assistance and Psychological Services |
| APSC | Australian Public Service Commission | ECWP | E-Crime Working Party |
| ASIC | Australian Securities and Investments Commission | EDC | Explosives Detection Canine |
| ASIO | Australian Security Intelligence Organisation | EL | Executive Level |
| ASO | Air Security Officer | ES | Employment Standards |
| ATO | Australian Taxation Office | FA | Federal Agent |
| ATS | Amphetamine-type stimulants | FATF | Financial Action Task Force |
| AusCERT | Australian Computer Emergency Response Team | FBI | Federal Bureau of Investigation |
| AUSTRAC | Australian Transaction Reports and Analysis Centre | FCA | Family Court of Australia |
| AWA | Australian Workplace Agreement | FIT | Financial Investigation Team |
| BAA | Business Activity Analysis | FOI | Freedom of Information |
| CA | Certified Agreements | FS | Financial Services |
| CAPS | Career self-Assessment and Planning System | FTRA | Financial Transaction Reports Act |
| CCPM | Case Categorisation and Prioritisation Model | GBRMPA | Great Barrier Reef Marine Park Authority |
| CFISP | Commonwealth Fraud Investigation Standards Package | HIC | Health Insurance Commission |
| CISP | Commonwealth Investigation Standards Package | HOCOLEA | Heads of Commonwealth Operational Law Enforcement Agencies |
| CLO | Client Liaison Officers | HOI | Head Office Investigations |
| CND | Commission on Narcotic Drugs | ICC | Incident Coordination Centre |
| | | IDC | Immigration Detention Centre |
| | | IGCD | Intergovernmental Committee on Drugs |
| | | INP | Indonesian National Police |
| | | IPP | Internationally Protected Person |

| | | | |
|--------|---|----------|---|
| IPMT | International Peace Monitoring Team | PSI | Protective Security Intelligence |
| IRPC | Immigration Reception and Processing Centre | PSO | Protective Service Officer |
| ISP | Internet Service Provider | PSST | People Smuggling Strike Team |
| IT | Information Technology | PTCCC | Pacific Transnational Crime Coordination Centre |
| JACG | Joint Asian Crime Group | PTTs | Police Technical Teams |
| JCTT | Joint Counter-Terrorism Team | QAR | Quality Assurance Review |
| JOMC | Joint Operations Monitoring Centre | QCMR | Quarterly Case Management Report |
| JTCIT | Joint Transnational Crime Investigation Team | QPS | Queensland Police Service |
| KPI | Key Performance Indicator | RPNGC | Royal Papua New Guinea Constabulary |
| LBSG | Local Business Service Group | RWC | Rugby World Cup |
| LECP | Law Enforcement Cooperation Program | SA | South Australia |
| MCDS | Ministerial Council on Drug Strategy | SAP | System Applications and Products (the AFP's human resources/ financial management system) |
| MDMA | 3, 4-methylenedioxyamphetamine | SAPOL | South Australia Police |
| MIPI | Music Industry Piracy Investigations | SAT | Security and Audit Team |
| MOSC | Management of Serious Crime | SET | Special Events Team |
| MOU | Memorandum of Understanding | SOAR | Staff Opinion and Analysis Review |
| NATA | National Association of Testing Authorities | SPLEXNET | South Pacific Law Enforcement XtraNet |
| NATOMC | National Operations Monitoring Centre | STSC | Science and Technology Steering Committee |
| NCA | National Crime Authority | TCCC | Transnational Crime Coordination Centre |
| NCB | National Central Bureau (Interpol) | TCMT | Transnational Crime Management Team |
| NCTC | National Counter-Terrorism Committee | TI | Telecommunications interception |
| NIDS | National Illicit Drug Strategy | TID | Telecommunications Interception Division |
| NII | National Information Infrastructure | TIES | Telecommunications Interception Electronic Surveillance |
| NMT | National Management Team | TISN | Trusted Information Sharing Network |
| NPSD | No Prohibited Substance Detected | TNCT | Transnational Crime Teams |
| NWCT | National Women's Consultative Team | UN | United Nations |
| NWPP | National Witness Protection Program | UNCIVPOL | United Nations Civilian Police |
| OC | Operations Committee | UNFICYP | United Nations Peacekeeping Force in Cyprus |
| OH&S | Occupational Health and Safety | UNPOL | United Nations Police |
| OMC | Operations Monitoring Centre | UNMISSET | United Nations Mission in Support of East Timor |
| PBS | Portfolio Budget Statement | USA | United States of America |
| PCCDPS | Police Commissioners' Conference Drug Policy Subcommittee | VIP | Very Important Person |
| PDF | People Development Framework | WILES | Women in Law Enforcement Strategy |
| PIP | Performance Improvement Plan | | |
| PM&C | Department of the Prime Minister and Cabinet | | |
| PNTL | Polícia Naciona de Timor-Leste | | |
| PROMIS | Police Real-time Online Management Information System | | |
| PSCC | Protective Security Coordination Centre | | |

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